

Finance Department

City of Arts & Innovation

CITY OF RIVERSIDE CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2024

U.S. Department of the Treasury

The City of Riverside respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 1, 2023 – June 30, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2004-001 Prior Period Adjustmnet

Recommendation: The City should assign additional accounting resources to assist with the implementation of new accounting standards as they become effective.

Explanation of disagreement with audit finding: Management agrees with the audit finding, and we have taken corrective action.

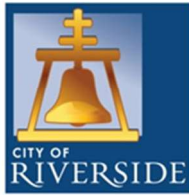
Action taken in response to finding

Management acknowledges the finding outlined above, which pertains to two leases that were incorrectly calculated during the implementation of GASB 87 in fiscal year 2022. Given the scope of GASB 87 and the high volume of leases involved, the finance team engaged an external consultant to assist with the implementation. This process included a review of approximately 440 leases, of which over 270 were applicable to GASB 87 reporting requirements. Furthermore, these leases were audited by the City's external audit firm during fiscal year 2022, with no discrepancies or findings identified.

Since that time, Finance has taken proactive corrective measures, including the hiring of additional staff in fiscal year 2024 to address the increased workload arising from new accounting standards and regulations. As a result, there were no audit findings related to newly implemented leases or leases requiring modification or termination during the current audit period. Management is confident that the current processes and procedures are strong and will ensure the continued accuracy of GASB 87 lease calculations moving forward.

Name of the contact person responsible for corrective action: Kristie Thomas

Planned completion date for corrective action plan: 4/1/2024



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FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of the Treasury

2024-002 Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing No. 21.027

Recommendation: City management should correct the reporting on its next Project and Expenditure Report to include projects that fall under the revenue replacement category.

Explanation of disagreement with audit finding: Management agrees with the audit finding, and we have taken corrective action.

Action taken in response to finding

The City has corrected the reporting in its subsequent report. On December 5, 2024, City staff held a meeting with the U.S. Department of the Treasury to clarify reporting requirements and to address the correction of the revenue replacement category. Since the Treasury portal does not allow for adjustments to prior periods, all projects under the revenue replacement category were included in the 4th quarter project and expenditure report (October–December 2024). This report includes all required details, such as current period obligations and expenditures, as well as cumulative obligations and expenditures.

Name of the contact person responsible for corrective action: Kristie Thomas

Planned completion date for corrective action plan: 1/31/2025