



**City of Philadelphia
Office of the City Controller**

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Contact: [Jolene Nieves Byzon](#), 215-300-1071

Controller's Office Releases Single Audit Findings on Grant Compliance

Philadelphia, PA – The Office of the City Controller released its report on compliance for federal grant programs and review of internal controls over compliance for fiscal year 2017. The report, which must be completed annually, was transmitted to the Kenney Administration for the submission to the federal audit clearing house, as required. The report details its findings - four instances of non-compliance for the City's major federal programs, including one material weakness and three significant deficiencies on internal control - and the administration's responses to the findings.

"The review of compliance with federal grant programs serves as a critical check on internal control over grant administration and management," said City Controller Rebecca Rhynhart. "My office's findings about the City's grant compliance show that there are areas that need improvements to ensure the City remains in good standing with its grant requirements."

The material weakness identified relates to the Edward Byrne Memorial Competitive Grant Program from the U.S. Department of Justice received by the City of Philadelphia to help the City meet obligations related to hosting the 2016 Democratic National Convention. The Philadelphia 2016 Host Committee, a subrecipient of the City, did not complete an audit of its expenditures for the \$8.6 million subaward it received, as required by the federal government. Without the audit, whether the spending was in compliance with laws, regulations, and the provisions of the subaward cannot be determined. The Managing Director's Office, which was responsible for the oversight of after-award procedures for the Edward Byrne Memorial Competitive Grant Program, failed to adequately perform its monitoring duties. As a result, the Controller's Office questions as unallowable the grant funds, \$8.6 million, that went to the 2016 Philadelphia Host Committee.

The Controller's Office found another significant deficiency regarding the Edward Byrne Memorial Competitive Grant Program. The Managing Director's Office and the Finance Department's General Accounting Unit used an incorrect grant identification number for it on the federally required Schedule of Expenditures of Federal Awards (SEFA) and were unable to detect the error. It was only corrected after being identified by the Controller's Office. Other issues with the administration of the Edward Byrne Memorial Competitive Grant Program were highlighted in an Office of the Inspector General, U.S. Department of Justice [report](#) released last year.

Other Controller's Office findings include the Finance Department's General Accounting Unit not accurately disclosing total payments to subrecipients of grant funds on the SEFA; and the Fire Department submitting inaccurate amounts on semi-annual federal reporting forms.

Inappropriate grant administration can result in a failure to meet grant requirements, which in turn can lead to some or all of the grant resources needing to be returned to the grantor, according to the Government Finance Officers Association (GFOA).

Read a summary, the full findings, and the departments' responses on the Controller's Office [website](#).