

Table 3
Some Grantees Did Not Properly Track Their Grant Expenses

GRANTEE	ISSUE	REASON	OUTCOME	AUDITEE RESPONSE
City of Commerce	The city did not establish a unique project identifier or special fund to track grant expenditures in its financial system and used a spreadsheet instead.	The city stated that it does not have a policy on grants and had not established a method to track expenditures in its financial system because of turnover in the city's finance department.	The city was using a spreadsheet to track its expenditures manually, increasing the likelihood of errors and inaccurate reporting.	After we discussed our concerns with Commerce, the city created a unique project identifier in its financial system and retroactively associated its grant expenditures with this identifier.
County of Humboldt	There was a discrepancy of approximately \$1,700 between the grant expenditures recorded in the county's financial system and the underlying documentation.	The county described several errors that contributed to this discrepancy, including charges not in its timekeeping system that were billed to the grant, charges in its timekeeping system that had not been charged to the grant, and charges applicable to a different grant that were incorrectly charged to this Grant Program.	Because it had not properly reconciled all of its expenditures to the grant before the end of its fiscal year, the county used its general fund to pay for the costs.	Humboldt stated that it plans to perform additional reviews of these types of expenditures in the future.
City of Long Beach	The city did not record certain grant expenditures in its financial system until two to three months after the expenditures occurred.	The city's method for processing its contractor's invoices resulted in an excessive delay in recognizing grant expenditures.	The city agreed that it underreported expenditures to DCC during its initial grant reporting period, which resulted in DCC not having an accurate status of the city's spending.	The city stated that it experienced significant staffing challenges, which caused a delay in the process of charging grant expenditures and recording expenditures to the Grant Program.
County of Trinity	The county did not initially establish a unique project identifier or special fund to track grant expenditures in its financial system, and it initially recorded them with other non-Grant Program-related expenditures. After establishing a unique identifier in November 2022, the county reassigned the expenditures to the grant, but it did not record them in the periods in which they occurred.	The county stated that significant turnover in cannabis program management and staff led to a lack of effective leadership and an absence of procedures for managing the grant funds.	The county's accounting system did not accurately summarize the expenditures it incurred during the first year of the grant. Therefore, the county did not report an accurate status of its spending to DCC.	Trinity asserted that it has a process in place that should have prevented these issues, but the process was not followed. The county cited management turnover and a lack of understanding the grant requirements. After we discussed this issue with Trinity, it established a unique identifier for the grant.

INADEQUATE TRACKING OF EXPENDITURES

Source: Expenditure reports from grantees' financial management systems and interviews with grantee staff.