

CITY OF EVANSTON, ILLINOIS
Single Audit Report

For the Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Daniel Biss, Mayor and
Members of the City Council
Evanston, Illinois

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the accompanying Schedule of Expenditures of Federal Awards of the City of Evanston, Illinois (City), for the year ended December 31, 2023 and the related notes (the financial statement).

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the City for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards section of our report. We are required to be independent of the City of Evanston, Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule of Expenditures of Federal Awards

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Evanston, Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Chicago, Illinois
September 27, 2024

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Identifying Number	Award Date	Passed-Through to Subrecipients	Federal Expenditures
DEPARTMENT OF AGRICULTURE					
Passed through the Illinois State Board of Education Child and Adult Care Food Program	10.558	ISBE 23-4226-00 - 05-016-510P-00	Dec 29, 2022 - Dec 14, 2023	N/A	\$ 58,305
Passed through the Illinois State Board of Education Summer Food Service Program for Children	10.559	ISBE 23-4225-00 - 05-016-510P-00	Aug 1, 2023 - Sep 18, 2023	N/A	173,741
Passed through Illinois Department of Natural Resources Urban and Community Forestry Program	10.675	0827-02	February 1, 2022	N/A	15,000
Total Department of Agriculture					<u>247,046</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grants/Entitlement Grants					
Entitlement year 46	14.218	B20MC-170012	August 21, 2020	500	34,938
Entitlement year 47	14.218	B21MC-170012	August 3, 2021	20,378	214,333
Entitlement year 48	14.218	B22MC-170012	September 8, 2022	N/A	292,369
Entitlement year 49	14.218	B23MC-170012	July 12, 2023	259,117	1,179,673
Total Community Development Block Grants/Entitlement Grants				279,995	1,721,313
COVID-19 Community Development Block Grants/Entitlement Grants					
Entitlement year 46	14.218	B20MW-170012	December 10, 2020	251,263	295,668
Emergency Solutions Grant Program	14.231	E23MC-170012	July 12, 2023	136,364	154,765
Home Investment Partnerships Program	14.239	M21-MC-170218	August 3, 2021	28,247	28,247
Home Investment Partnerships Program	14.239	M22-MC-170218	September 8, 2022	N/A	25,777
Home Investment Partnerships Program	14.239	M23-MC-170218	July 12, 2023	19,315	22,053
Total Home Investment Partnerships Program				47,562	76,077
COVID-19 Home Investment Partnerships Program	14.239	M21-MP-170218	September 27, 2021	N/A	28,082
Total Department of Housing and Urban Development					<u>715,184</u>
DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership Program	16.607	N/A	October 18, 2021	N/A	6,236
Equitable Sharing Program	16.922	N/A	February 17, 2023	N/A	7,408
Total Department of Justice					<u>13,644</u>
DEPARTMENT OF TRANSPORTATION					
Passed through Illinois Department of Transportation					
Highway Planning and Construction	20.205	HSIP # 202001007	August 30, 2019	N/A	56,496
Highway Planning and Construction	20.205	C91-306-91	November 13, 2020	N/A	52,382
Highway Planning and Construction	20.205	D-91-143-21	March 10, 2022	N/A	141,407
Total Highway Planning and Construction					250,285
Passed through Illinois Department of Transportation					
State and Community Highway Safety	20.600	HS-23-0151	September 12, 2022	N/A	49,790
State and Community Highway Safety	20.600	HS-24-0048	June 20, 2023	N/A	7,095
Total State and Community Highway Safety					56,885
Total Department of Transportation					<u>307,170</u>
DEPARTMENT OF TREASURY					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds*	21.027	N/A	March 11, 2021	N/A	1,100,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds*	21.027	N/A	March 11, 2021	N/A	1,500,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds*	21.027	N/A	March 11, 2021	212,462	4,256,078
COVID-19 Coronavirus State and Local Fiscal Recovery Funds*	21.027	N/A	March 11, 2021	N/A	577,959
Total Department of Treasury					<u>212,462</u>
					<u>7,434,037</u>

*Denotes a major program

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Identifying Number	Award Date	Passed-Through to Subrecipients	Federal Expenditures
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY					
Passed through Illinois Environmental Protection Agency Capitalization Grants for Drinking Water State Revolving Funds	66.468	L17-5106	December 4, 2023	N/A	21,591
Total Department of Environmental Protection Agency					<u><u>21,591</u></u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Age Options Special Programs for the Aging Title III, Part B Grants For Supportive Services & Senior Centers	93.044	CSFA # 402-03-0027	June 14, 2023	N/A	7,500
Passed through the Illinois Department of Public Health Public Health Emergency Preparedness	93.069	3037180027K / 47180027L	September 12, 2022	N/A	57,278
Public Health Emergency Preparedness - Cities Readiness Prep	93.069	3037580003K / 47580003L	August 1, 2022	N/A	67,471
Total Public Health Emergency Preparedness					<u>124,749</u>
Total Department of Health and Human Services					<u><u>132,249</u></u>
DEPARTMENT OF HOMELAND SECURITY					
Emergency Management Assistance Grant Program	97.042	22EMAEVANS	November 19, 2023	N/A	36,282
Total Department of Homeland Security					<u><u>36,282</u></u>
INSTITUTE OF MUSEUM & LIBRARY SERVICES					
Passed through Office of Sec of State - IL State Library Grants to States Project Next Generation (PNG)	45.310	23-3023-PNG	July 21, 2022	N/A	39,241
Passed through Califa Group Laura Bush 21st Century Librarian Program	45.313	CAGML-247937-OMLS-20	December 21, 2021	N/A	4,078
Total Institute of Museum & Library Services					<u><u>43,319</u></u>
NATIONAL SCIENCE FOUNDATION					
Passed through Northwestern University STEM Education	47.076	CNC-1827661	October 1, 2018	N/A	398
Total National Science Foundation					<u><u>398</u></u>
NATIONAL ENDOWMENT FOR THE ARTS					
Promotion of the Arts Grants to Organizations and Individuals	45.024	1904440-62-23	February 1, 2023	N/A	11,250
Total National Endowment For The Arts					<u><u>11,250</u></u>
Total Expenditures of Federal Awards					<u><u>\$ 927,646</u></u> <u><u>\$ 10,522,891</u></u>

*Denotes a major program

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 1 – REPORTING ENTITY

This report on Federal Awards includes the federal awards of the City of Evanston, Illinois. The reporting entity for the city is based upon criteria established by the Governmental Accounting Standards Board (GASB).

The City of Evanston is the primary government according to GASB criteria. On April 30, 2014, the Township was discontinued and dissolved following the March 18, 2014 general election vote taken by the registered voters of the Evanston Township. Pursuant to 60 ILCS 1/27-15 and 1/27-20, effective 12:00 a.m. May 1, 2014, the City of Evanston assumed all rights, powers, assets, property, obligations and duties of the Evanston Township, including the responsibilities of providing the services that were previously provided by the Township. Beginning May 1, 2014, the functions of the Township are reported along with the City.

NOTE 2 – BASIS OF PRESENTATION

The accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule of expenditures of federal awards, the City of Evanston provided federal awards to subrecipients as follows:

Program Title	Federal Assistance Listing Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$279,995
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	\$251,263
Emergency Solutions Grant Program	14.231	\$136,364

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 3 – SUBRECIPIENTS – Continued

HOME Investment Partnerships Program	14.239	\$47,562
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	\$212,462

NOTE 4 – PROGRAM INCOME

The City of Evanston received the following program income amounts for the year ended December 31, 2023. The balances of receipts are from letter of credit drawdowns for the program. The program expenditures for the year include expenditures of this program income.

Program Title	Federal Assistance Listing Number	Amount
Community Development Block Grants/Entitlement Grants	14.218	\$163,577
Home Investment Partnerships Program	14.239	\$25,227
Neighborhood Stabilization Program	14.256	\$6,833

NOTE 5 – NOTES RECEIVABLE OUTSTANDING

The City of Evanston has several notes receivable outstanding as of December 31, 2023. These loans are for various uses. The Community Development Block Grants/Entitlement Grants Loan funds a number of programs to make decent housing available and affordable to low- and moderate-income families, and to help low- and moderate-income residents maintain their property. The Home Investment Partnerships Program Loan provides loans to housing developers to acquire, rehab or construct housing for low and moderate income households.

Program Title	Federal Assistance Listing Number	Amount
Community Development Block Grants/Entitlement Grants	14.218	\$1,662,815
Home Investment Partnerships Program	14.239	\$5,281,264

The notes receivable balances are not subject to continuing OMB Uniform Guidance compliance requirements.

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 6 – LOANS PAYABLE OUTSTANDING

The City of Evanston has the following loans payable outstanding as of December 31, 2023. These loans are from The Capitalization Grants for Drinking Water and Clean Water State Revolving Funds. Projects funded were the sewer lining at Emerson and Davis streets, rehab of large diameter sewers and rehab of the Cleveland street sewer.

Program Title	Federal Assistance Listing Number	Amount
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$665,847
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$655,570

The loan payable balances are not subject to continuing OMB Uniform Guidance compliance requirements.

NOTE 7 – NONCASH ASSISTANCE

Of the federal expenditures presented in the schedule of expenditures of federal awards, the City of Evanston did not receive any noncash assistance during the year ended December 31, 2023.

NOTE 8 – FEDERAL INSURANCE

The City of Evanston had no federal insurance for the year ended December 31, 2023.

NOTE 9 – INDIRECT COST RATE

The City of Evanston has not elected to use the 10% de minimis indirect cost rate.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Daniel Biss, Mayor and
Members of the City Council
Evanston, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Evanston, Illinois' (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major program is not modified with respect to these matters.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Chicago, Illinois
September 27, 2024

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- 1) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
- 2) Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X None reported
- 3) Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

- 1) Internal control over major federal programs:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? X Yes _____ None reported
- 2) Type of auditors’ report issued on compliance for major federal programs: **Unmodified**
- 3) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Dollar threshold used to distinguish between type A and type B Programs: _____ \$750,000

Auditee qualified as low risk auditee? X Yes _____ No

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2023-001 *Procurement, Suspension and Debarment (Repeat Finding 2022-001 and 2021-001)*

Federal Agency: Department of the Treasury
Federal Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
(CSLFRF)

Criteria:

The Department of the Treasury’s Final Rule (Effective April 1, 2022) encouraged the use of internal Procurement Policies and Procedures when procuring products and/or services.

The Department of the Treasury’s Compliance and Reporting Guidance report (Effective June 24, 2021 through April 30, 2025) required recipients (i.e., City of Evanston) to ensure any procurement using CSLFRF funds to be consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327 as applicable.

Procurement Standards of Title 2 of the *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) state that all non-federal entities will follow Section 200.318 through Section 200.327.

- A. Section 200.320 identifies four methods of procurement to be followed, among the methods of procurement the below are three identified thresholds:
 - (a) Informal – micro purchases (any amount up to \$10,000)
 - (b) Informal – small purchases (\$10,000.01 to \$249,999.99)
 - (c) Formal – sealed bids (\$250,000 and above)
 - (d) Noncompetitive procurement
- B. The *City of Evanston Purchasing Manual* requires the collection of three written quotes for any purchase between \$2,500 and \$25,000 purchased with federal grant funds, a formal bid process (Bid, RFP, RFQ) for any purchase \$25,000 or above purchased with federal grant funds, and a justification memo for a sole source purchase for any amount above \$2,500 purchased with federal grant funds.
- C. The *City of Evanston Purchasing Manual* requires that for purchases above \$2,500 but less than \$10,000, approval signature must be obtained from the Department Director. All purchases above \$10,000 require approval signature from the City Manager. Purchases above \$25,000 must also be approved by the City Council.
- D. Per Title 2 CFR section 180.300, participant entering into a covered transaction must verify that the person with whom it intends to do business is not excluded or disqualified by:

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS –
Continued

FINDING 2023-001 *Procurement, Suspension and Debarment (Repeat Finding 2022-001*
and 2021-001) – Continued

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

E. Title 2 CFR section 200.303 states the following regarding internal control:

“The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with law, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition/Context:

1. We tested two purchase orders totaling \$208,832.12. Our procedures revealed the following:
 - a. Dated documentation that demonstrates suspension and debarment searches were performed prior to entering into a covered transaction were not retained in the respective procurement files.
 - b. Documentation supporting multiple source solicitations was not available.

Cause:

1. At the time these services were procured, the City of Evanston’s procurement policies requiring suspension and debarment checks were not implemented.
2. The City of Evanston’s procurement policies in relation to single source do not meet federal requirements.

Effect:

City of Evanston was not in compliance with Title 2 of the *Code of Federal Regulations* (CFR) Part 200 and the requirements outlined in the City of Evanston Purchasing Manual as it relates to purchases above \$25,000. Additionally, the effect of noncompliance can result in questioned costs.

Recommendation:

We recommend that City of Evanston:

- a. Date or time stamp suspension and debarment searches when performed.
- b. Revise procurement policies to mirror federal guidelines and requirements in relation to single and sole source purchases.

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

FINDING 2023-001 *Procurement, Suspension and Debarment (Repeat Finding 2022-001 and 2021-001) – Concluded*

- c. Communicate and re-enforce its procurement policies and procedures to ensure compliance with applicable requirements.
- d. Ensure all departments are following applicable procedure in a uniform manner.

Views of Responsible Officials:

The purchases in question were made in the Equipment Replacement Fund where debarment searches are not required. ARPA funds were transferred to the Equipment Replacement Fund after the vehicles were delivered. We supplied the list of exclusions issued by the Office of Inspector General, which, from a compliance standpoint, demonstrates that the vendors are not suspended or debarred before entering a covered transaction. The list covers a one-month window and does not provide an exact date for when the list is retrieved from the Office of Inspector General website. When performing debarment searches in SAM.gov, if a vendor opts not to register or does not complete full registration process, the search results will display no matches, rendering it inconclusive to determine their standing. To prevent any potential deficiencies in control procedures, we intend to adopt the supplementary risk-based assessments proposed by the firm.

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

TYPE OF FINDINGS

<u>FINDING NUMBER/ DESCRIPTION</u>	Financial Statement	Federal Award	<u>STATUS</u>
<u>Coronavirus State and Local Fiscal Recovery Funds, AL 21.027:</u>			
2022-001 and 2021-001 – Procurement, Suspension and Debarment		X	The City had not corrected this finding during the current year.



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**MANAGEMENT'S CORRECTIVE ACTION PLAN
CITY OF EVANSTON, ILLINOIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Finding 2023-001 Procurement, Suspension and Debarment (Repeat Finding 2022-001 and 2021-001)

Federal Agency: U.S. Department of the Treasury

Federal Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Questioned Cost: N/A

Corrective Action:

- a. The Purchasing Manual was revised in 2023 to incorporate procedures relating to suspension and debarment checks. Purchasing will communicate and reinforce its procurement policies and procedures to ensure compliance with applicable requirements by: Provide revised Purchasing Manual to staff with yearly reminder from Purchasing and Community Development Federal Grants Manager.
- b. City staff will work with the City's Purchasing Department to follow and adhere to applicable Procurement procedures.
- c. Ensure all departments are following applicable procedure in a uniform manner.

Contact Person: Hitesh Desai, Chief Financial Officer

Anticipated Completion Date: December 31, 2024