



Federal Awards Reports in  
Accordance with the Uniform Guidance  
June 30, 2021

**Southern California  
Association of Governments**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 1

Independent Auditor’s Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance ..... 3

Schedule of Expenditures of Federal Awards ..... 6

Note to the Schedule of Expenditures of Federal Awards..... 7

Schedule of Findings and Questioned Costs

    Section I – Summary of Auditor’s Results ..... 8

    Section II – Financial Statement Findings..... 9

    Section III – Federal Award Findings and Questioned Costs ..... 9

Summary Schedule of Prior Audit Findings.....10



**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Honorable Members of the Regional Council  
Southern California Association of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern California Association of Governments (SCAG), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SCAG’s basic financial statements, and have issued our report thereon dated February 15, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SCAG’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCAG’s internal control. Accordingly, we do not express an opinion on the effectiveness of SCAG’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SCAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
February 15, 2022



**Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Honorable Members of the Regional Council  
Southern California Association of Governments

**Report on Compliance for Each Major Federal Program**

We have audited the Southern California Association of Governments' (SCAG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SCAG's major federal program for the year ended June 30, 2021. SCAG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of SCAG's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SCAG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SCAG's compliance.

**Opinion on Each Major Federal Program**

In our opinion, SCAG 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 program for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of SCAG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SCAG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SCAG's internal control over compliance.

*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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SCAG, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SCAG's basic financial statements. We issued our report thereon dated February 15, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
February 15, 2022

Southern California Association of Governments  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Program / Project or Pass-through Identification Number	Total Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Transportation</u></b>				
Direct Assistance:				
Public Transportation Research, Technical Assistance, and Training:				
Public Transportation Research - FTA 5312 (Sunline/SCAG)	20.514	CA-2016-027	\$ 52,224	\$ 46,806
Public Transportation Research - FTA 5312 (Metro/Foothill)	20.514	CA-2017-089	<u>4,137,391</u>	<u>4,137,391</u>
Subtotal - Public Transportation Research			<u>4,189,615</u>	<u>4,184,197</u>
Passed through the California Department of Transportation: Highway Planning and Construction Cluster:				
FHWA Metropolitan Planning	20.205	74A0822	21,155,219	-
FHWA Partnership Planning and Research	20.205	74A0822	404,451	-
FHWA Planning and Construction	20.205	ATPLNI-6049(018)	<u>186,844</u>	<u>-</u>
Subtotal - Highway Planning and Construction Cluster			<u>21,746,514</u>	<u>-</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:				
FTA 5303 Transit Technical Studies Grants	20.505	74A0822	7,968,740	-
FTA 5304 Discretionary Grants	20.505	74A0822	<u>139,085</u>	<u>-</u>
Subtotal - Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			<u>8,107,825</u>	<u>-</u>
Passed through the California Office of Traffic Safety: Highway Safety Cluster:				
State and Community Highway Safety:				
Active Transportation Safety and Encouragement Campaign	20.600	PS20019	851,479	-
Active Transportation Safety and Encouragement Campaign	20.616	PS21017	<u>444,685</u>	<u>-</u>
Subtotal - Highway Safety Cluster			<u>1,296,164</u>	<u>-</u>
<b>Total - U.S. Department of Transportation</b>			<u><b>35,340,118</b></u>	<u><b>4,184,197</b></u>
<b><u>U.S. Department of Energy</u></b>				
Direct Assistance:				
Conservation Research and Development:				
DOE/NETL Clean Cities Outreach	81.086	DE-EE0007382	54,918	-
DOE/NETL Clean Cities Outreach	81.086	DE-EE0009553	<u>5,798</u>	<u>-</u>
<b>Total - U.S. Department of Energy</b>			<u><b>60,716</b></u>	<u><b>-</b></u>
<b>Total Federal Awards</b>			<u><b>\$ 35,400,834</b></u>	<u><b>\$ 4,184,197</b></u>



**Note 1 - Summary of Significant Accounting Policies Applicable to the  
Schedule of Expenditures of Federal Awards**

**A. Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by the Southern California Association of Governments (SCAG) that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by SCAG from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditure that were funded with state, local or other non-federal funds are excluded from the accompanying schedule. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of SCAG, it is not intended to and does not present the financial position and changes in financial position of SCAG.

**B. Basis of Accounting**

The expenditures included in the accompanying schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The accompanying Schedule of Expenditures of Federal Awards has been prepared accordingly.

**C. Relationship to Federal Reports**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports. However, certain timing differences may exist in the recognition of revenues and expenses/expenditures between the Schedule of Expenditures of Federal Awards and the federal financial reports.

**D. Indirect Cost Rate**

SCAG has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

Name of Federal Program or Cluster	CFDA Number
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505
Public Transportation Research, Technical Assistance, and Training	20.514
Highway Safety Cluster	20.600 and 20.616
Dollar threshold used to distinguish between type A and type B programs:	\$1,062,025
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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None reported.

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**Section III – Federal Award Findings and Questioned Costs**

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None reported.

None reported.