



Federal Awards Reports in Accordance
With the Uniform Guidance
Fiscal Year Ended June 30, 2020
County of Imperial, California

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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

Board of Supervisors
County of Imperial

We have audited, in accordance with 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Imperial (the County), as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated December 2, 2021. Our report includes a reference to other auditors who audited the financial statements of the Children & Families First Commission, as described in our report on the County’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County '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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the County's separate Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

San Diego, California
December 2, 2021



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

Board of Supervisors
County of Imperial, California

Report on Compliance for Each Major Federal Program

We have audited the County of Imperial, California's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County'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 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 the County'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 the County'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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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 June 30, 2020.

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 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the County's separate Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County 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 the County'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 the County'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 and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-003 that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and the County's separate Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We issued our report thereon dated December 2, 2021, which contained unmodified opinions on those financial statements. Our report included a reference to other auditors who audited the financial statements of the Children & Families First Commission, as described in our report on the County’s 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.



San Diego, California
March 1, 2022

County of Imperial, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal C.F.D.A. Number	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed Through State Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0453-034-SF	\$ 254,168	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0293-001-SF/17-0428-011-SF	89,232	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0215	189,453	-
Subtotal			<u>532,853</u>	<u>-</u>
Passed Through State Department of Rural Assistance:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	01331-SN-13-R	32,867	-
Passed Through State Department of Health Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistant Program	10.561	16-10142	259,886	-
Direct Programs:				
Community Facilities Loans and Grants	10.766	00-49	44,800	-
Total U.S. Department of Agriculture			<u>870,406</u>	<u>-</u>
<u>U.S. Department of Commerce</u>				
Direct Programs:				
Economic Development Support for Planning Organizations	11.302	ED18SEA3020011	7,186	-
Total U.S. Department of Commerce			<u>7,186</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	19-10514	66,286	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	16-CDBG-11151	571,309	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	17-CDBG-12013	136,857	-
Subtotal			<u>708,166</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>774,452</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Passed Through State Office of Criminal Justice:				
Crime Victim Assistance	16.575	VW19330130	370,643	-
Crime Victim Assistance	16.575	UV19040130	164,541	-
Subtotal			<u>535,184</u>	<u>-</u>
Violence Against Women Formula Grants	16.588	LE19030130	206,170	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0709	4,120	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0125	5,222	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0025	187,343	-
Subtotal			<u>196,685</u>	<u>-</u>
Total U.S. Department of Justice			<u>938,039</u>	<u>-</u>
<u>U.S. Department of Labor</u>				
Passed Through State Department of Employment Development:				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	K9110013	2,038,710	2,038,710
WIA/WIOA Youth Activities	17.259	K9110013	2,020,394	2,020,394
WIA/WIOA Dislocated Worker Formula Grants	17.278	K9110013	2,004,223	-
Subtotal-WIOA Cluster			<u>6,063,327</u>	<u>4,059,104</u>
Total U.S. Department of Labor			<u>6,063,327</u>	<u>4,059,104</u>

County of Imperial, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal C.F.D.A. Number	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through State Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	STPLH5958	\$ 454,097	\$ -
Highway Planning and Construction	20.205	1813ADDF01	61,290	-
Subtotal-Highway Planning and Construction Cluster			<u>515,387</u>	<u>-</u>
Total U.S. Department of Transportation			<u>515,387</u>	<u>-</u>
U.S. Environmental Protection Agency				
Direct Programs:				
Air Pollution Control Program Support	66.001	PM-98T05001	85,099	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA-99T40001-3	377,404	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	Taa20-003/NADBC20-038	26,997	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	FY 2019	49,933	-
Subtotal			<u>454,334</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>539,433</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed Through State Department of Health Services:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	17-10156	201,518	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000539	330,459	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1913 Base00	237,036	-
Immunization Cooperative Agreements	93.268	17-10319	63,648	-
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	17-10253	25,271	-
Foster Care_Title IV-E	93.658	2019-20	161,576	-
Medicaid Cluster:				
Medical Assistance Program	93.778	14-90029	5,197	-
Medical Assistance Program	93.778	13-17 EVRGN	31,372	-
Medical Assistance Program	93.778	CHDP & PMM&O	421,185	-
Subtotal-Medicaid Cluster			<u>457,754</u>	<u>-</u>
National Bioterrorism Hospital Preparedness Program	93.889	17-10156	142,952	19,037
HIV Care Formulas Grants	93.917	18-10868	151,541	109,494
Maternal and Child Health Services Block Grant to the States	93.994	201913 Imperial/MCAH	475,183	-
Maternal and Child Health Services Block Grant to the States	93.994	Imperial (13) CCS FY 19-20	247,080	-
Subtotal			<u>722,263</u>	<u>-</u>
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	15-10158	497,960	-
Passed Through State Department of Alcohol and Drug Programs:				
Block Grants for Community Mental Health Services	93.958	SAMHSA SFY 13-01	623,461	-
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	SCC 13(19/20)	1,027,639	-
Projects for Assistance in Transition for Homelessness (PATH)	93.150	MH 1772 B	50,110	-
Passed Through State Department of Social Services:				
Child Support Enforcement	93.563	FY 2019-20	5,800,753	-
Temporary Assistance for Needy Families	93.558	AB98	317,740	-
Temporary Assistance for Needy Families	93.558	FY 2019-20	19,841,118	-
Temporary Assistance for Needy Families	93.558	FY 2019-20	751,170	-
Subtotal			<u>20,910,028</u>	<u>-</u>

County of Imperial, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal C.F.D.A. Number	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
Passed Through State Department Office of Aging:				
Aging Cluster:				
Special Programs for the Aging_Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	AP-1920-24	\$ 2,816	\$ -
Special Programs for the Aging_Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-1920-24	21,850	-
Special Programs for the Aging_Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1920-24	18,088	-
Special Programs for the Aging_Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-1920-24	249,679	65,742
Special Programs for the Aging_Title III, Part C, Nutrition Services	93.045	AP-1920-24	449,761	393,999
Nutrition Services Incentive Program	93.053	AP-1920-24	63,653	63,653
Subtotal-Aging Cluster			<u>805,847</u>	<u>523,394</u>
National Family Caregiver Support, Title III, Part E	93.052	AP-1920-24	<u>113,603</u>	<u>100,746</u>
Total U.S. Department of Health and Human Services			<u>32,323,419</u>	<u>752,671</u>
<u>Executive Office of the President</u>				
Direct Programs:				
High Intensity Drug Trafficking Areas Program	95.001	2019-2020	<u>1,056,181</u>	-
Total Executive Office of the President			<u>1,056,181</u>	-
<u>U.S. Department of Homeland Security</u>				
Passed Through Governor's Office of Homeland Security:				
Homeland Security Grant Program	97.067	2018-0054	834,679	-
Homeland Security Grant Program	97.067	2017-0083	1,108,246	-
Homeland Security Grant Program	97.067	2019-0035	264,107	-
Subtotal			<u>2,207,032</u>	-
Federal Emergency Management Agency				
Passed Through Governor's Office of Emergency Services:				
Emergency Management Performance Grants	97.042	2017-0007	81,619	-
Emergency Management Performance Grants	97.042	2018-0008	121,888	-
Subtotal			<u>203,507</u>	-
U.S. Immigration and Customs Enforcement (Ice)				
Direct Programs:				
CyberTipline	97.076		15,733	-
CyberTipline	97.076	2020	24,495	-
Subtotal			<u>40,228</u>	-
National Protection & Programs Directorate (Nppd)				
Direct Programs:				
Information Analysis Infrastructure Protection (IAIP) and Critical Infrastructure Monitoring and Protection	97.080	70B03C18P00000193	<u>30,927</u>	-
Total U.S Department of Homeland Security			<u>2,481,694</u>	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 45,569,524</u>	<u>\$ 4,811,775</u>

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the County of Imperial, California (the County). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the schedule. The information 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 the County, it is not intended to and do not present the financial position, changes in net position, fund balance, or cash flows of the County. The County's reporting entity is defined in Note 1 to the County's basic financial statements.

B. Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting for the governmental funds and on the accrual basis for the proprietary funds, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, 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.

C. Relationship to Basic Financial Statements

Amounts reported agree or can be reconciled with the amounts reported in the County's basic financial statements.

Note 2 - Indirect Cost Rate

The County has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 4 - Direct and Indirect (Pass-Through) Federal Awards

Federal awards may be granted directly to the County by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the County. The SEFA includes both of these types of Federal award program expenditures.

Note 5 - Aging Cluster

The California Department of Aging considers other closely-related pass-through programs by the State to be included with the Aging Cluster, in accordance with 2 CFR 200.17.

Note 6 - Medicaid Cluster

Except for Medi-Cal administrative expenditures, Medicaid (Medi-Cal) and Medicare program expenditures are excluded from the SEFA. These expenditures represent fees for services; therefore, neither is considered a federal award program of the County for purposes of the SEFA or in determining major programs. The County assists the State of California in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities. Medi-Cal administrative expenditures are included in the SEFA as they do not represent fees for services.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None noted
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	Yes
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:	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
Temporary Assistance for Needy Families	93.558

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,367,086
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Auditee qualified as low-risk auditee?	No
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Section II – Financial Statement Findings

**2020-001 Financial Reporting
Material Weakness**

Criteria:

In order to fairly present year-end financial statements in accordance with accounting principles generally accepted in the United States of America, management must perform a year-end closing process to accumulate, reconcile, and summarize information for inclusion in the trial balance and financial report. The closing process should include the review of all balances.

Condition:

During our audit, we noted the following:

- Certain liability transactions had not been accrued and required adjustment to accounts payable.
- Certain receivable balances were not properly adjusted to reflect amounts not received within the period of availability for governmental funds under the modified accrual basis of accounting.
- Lack of closing procedures to settle equity accounts. Additionally, we noted several instances of transactions being posted directly to equity accounts which required adjustment.
- Lack of tracking mechanism to ensure the reconciliation of beginning fund balance.
- Certain Interfund activity including transfers in and transfers out had not been recorded and required adjustment.
- The Sanitation Fund was incorrectly reported as a special revenue governmental fund. As a result, a restatement was required to correctly report the Sanitation Fund's activities as an enterprise fund.
- Certain capital assets were categorized as depreciable assets while they were under construction requiring an adjustment to construction in progress.
- An adjustment was necessary to post closure maintenance costs as part of the landfill liability at June 30.
- Audited financial information for a discretely presented component unit was not reconciled to the County's financial statements.

Context:

The condition noted above was identified during testing over various accounts and balances as we progressed through the audit.

Effect:

Due to the above condition, many adjustments were necessary to fairly present the financial statements.

Cause:

The County does not have the appropriate procedures in place to ensure year-end closing procedures are completed timely.

Recommendation:

Our recommendation is for the County to enhance its year-end closing process. This can be accomplished through a comprehensive closing checklist. The checklist should list each task, the person responsible for its completion, and the date the task should be completed.

Views of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

**2020-002 Schedule of Expenditures of Federal Awards Reporting
Material Weakness**

Criteria:

Title 2, Subtitle A, Chapter II, Part 200, Subpart F, paragraph 502 (§ 200.502) of the Code of Federal Regulations stipulates that the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. In general, these activities pertain to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards such as:

- Expenditure/expense transaction associated with awards including grants, cost-reimbursement contracts
- The disbursement of funds to subrecipients
- The use of loan proceeds under loan and loan guarantee programs
- The receipt of property, surplus property, or the use of program income.
- The distribution or use of food commodities
- The disbursement of amounts entitling the non-Federal entity to an interest subsidy, and
- The period when insurance is in force.

Additionally, Title 2, Subtitle A, Chapter II, Part 200, Subpart F, paragraph 510 (§ 200.510) of the same Code requires the auditee to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total Federal award expended as determined in accordance with § 200.502. At the minimum, the schedule must:

- List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide applicable Federal agency name.
- For Federal awards received as a subrecipient, the name of the passthrough entity and identifying number assigned by the pass-through entity must be included
- Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- Include the total amount provided to subrecipients from each Federal program.

Condition:

During our testing of the SEFA, we noted the following:

- Costs that were not federally funded were included.
- Various adjustments were necessary including adjusting CFDA #s, program names and clusters.
- Various adjustments to reported expenditures were necessary resulting in changes to the determination of major programs.

Cause:

Costs are accumulated by various departments throughout the County and reported to the auditor-controller's office for inclusion on the SEFA. The County's procedures did not ensure that amounts reported on the SEFA included all required elements or were based on defined federal expenditures.

Effect:

The information provided for SEFA presentation required adjustment.

Repeat Finding from Prior Year:

Yes

Recommendation:

We recommend that the County continue to enhance its reporting procedures to ensure that defined federal expenditures are reported on the SEFA with all necessary identifying elements.

Views of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

Section III – Federal Award Findings and Questioned Costs

2020-003 **Program:** Temporary Assistance for Needy Families (TANF) Cluster
CFDA No.: 93.558
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award No. and Year: Various
Compliance Requirements: Eligibility
Significant Deficiency in Internal Control over Compliance/Non-Compliance – Other Matters

Criteria:

The Uniform Guidance Compliance Supplement requires that eligibility determinations and redeterminations, including obtaining any required documentation and verifications, were performed and the individual was determined to be eligible in accordance with the compliance requirements of the program. For each case, the client must go through an intake process that requires information on the SAWS 1, SAWS 2 Plus and CW 2.1 be obtained to determine eligibility. During the mid-year review, the participant must submit the SAR7 form in order to continue benefits

Condition:

During our participant case file testing, we noted that for two of 40 case files, support for eligibility determination and benefit continuation, such as SAWS 1, SAWS 2 Plus, CW 2.1 and SAR 7 could not be located.

Cause:

The condition was caused by the County’s Social Services department’s filing software not maintaining all required forms. Certain forms, including the approval forms, were located and tested without exception.

Effect:

Case data may not be current or accurate in the case file or the system, which could lead to initial and continued eligibility errors, inaccurate benefit calculations, and benefit overpayments.

Questioned Costs:

None reported

Context:

The condition above was identified during our testing of the eligibility requirements of the program.

Repeat Finding from Prior Year:

Yes

Recommendation:

We recommend that the County strengthen its established policies and procedures with regard to maintenance of case files.

Views of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

Summarized below is the status of all audit findings reported in the prior year audit’s schedule of audit findings and questioned costs.

Financial Statement Findings:

Finding No.	Category	Status of Corrective Action
2019-001	Landfill Closure and Post-closure Costs	Partially implemented - see 2020-001
2019-002	Claims Payable	Implemented
2019-003	Cash and Investments	Implemented
2019-004	Schedule of Expenditures of Federal Awards Reporting	Not implemented – see 2020-002
2019-005	Financial Report	Not implemented – see 2020-001

Federal Award Findings:

Finding No.	Program Name/Description	CFDA No.	Compliance Requirement	Status of Corrective Action
2019-006	Temporary Assistance for Needy Families (TANF) Cluster	93.558	Eligibility	Not implemented – see 2020-003
2019-007	Temporary Assistance for Needy Families (TANF) Cluster	93.558	Special Tests and Provisions	Implemented