



Federal Awards Reports in Accordance  
With the Uniform Guidance  
Fiscal Year Ended June 30, 2021

County of Imperial, California

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

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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***

To the Board of Supervisors  
County of Imperial  
Imperial, California

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 unit, each major fund, and the aggregate remaining fund information of the County of Imperial, California (County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 25, 2023. Our report included an emphasis of matter paragraph regarding the County's adoption of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020 and the County's correction of errors and related restatement to beginning net position and fund balances as of June 30, 2020.

**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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-006 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-003 through 2021-005 to be significant deficiencies.

### **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 Response to Findings**

The County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 them.

### **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 Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
May 25, 2023



**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**

To the Board of Supervisors  
County of Imperial  
Imperial, California

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

We have audited the County of Imperial, California (County)’s 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, 2021. 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 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 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 qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

### **Basis for Qualified Opinion on the WIOA Cluster and COVID-19 Coronavirus State and Local Fiscal Recovery Funds Program**

As described in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding WIOA Cluster program (Assistance Listing nos. 17.258, 17.259, 17.277, 17.278), as described in finding numbers 2021-008 for subrecipient monitoring and 2021-010 for reporting. The County did not comply with the requirements regarding COVID-19 Coronavirus State and Local Fiscal Recovery Funds program (Assistance Listing no. 21.027), as described in finding number 2021-009 for allowable activities, allowable costs and cost principles, and period of performance. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to the programs.

### **Qualified Opinion on WIOA Cluster and COVID-19 Coronavirus State and Local Fiscal Recovery Fund**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have had a direct and material effect on WIOA Cluster program and COVID-19 Coronavirus State and Local Fiscal Recovery Fund program for the year ended June 30, 2021.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

### **Other Matters**

The results of our auditing procedures disclosed other 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 items 2021-007 and 2021-011. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan containing management's response to the auditor's findings. 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 County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-008 through 2021-010 to be material weaknesses.

*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 items 2021-007 and 2021-011 to be significant deficiencies.

The County's response to the internal control over compliance findings identified are described in the accompanying schedule of findings and questioned costs. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 25, 2023, which contained unmodified opinions on those financial statements. Our report contained an emphasis of matter stating that the County adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic 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.



Rancho Cucamonga, California  
August 7, 2023



County of Imperial, California  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal Financial Assistance Listing	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through State Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0727-017-SF	\$ 147,645	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0737-016-SF	93,539	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20-0709-002-SF	67,516	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20-0158	120,307	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0215	42,308	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20-0511-001-SF	<u>14,417</u>	<u>-</u>
Subtotal			<u>485,732</u>	<u>-</u>
Passed Through State Department of Rural Assistance:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	01331-SN-13-R	<u>25,971</u>	<u>-</u>
Passed Through California State Department of Public Health:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition	10.561	19-10356	95,895	-
Passed Through California State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition	10.561	FY 20-21	<u>3,796,695</u>	<u>-</u>
Subtotal SNAP Cluster			<u>3,892,590</u>	<u>-</u>
Direct Programs:				
Community Facilities Loans and Grants	10.766	0575-0173	94,000	-
Community Facilities Loans and Grants	10.766	RD 1942-46/RD-1940-1	<u>171,301</u>	<u>-</u>
Subtotal			<u>265,301</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>4,669,594</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Commerce</u></b>				
Direct Programs:				
Economic Development Support for Planning Organizations	11.302	ED18SEA3020011	<u>11,000</u>	<u>-</u>
<b>Total U.S. Department of Commerce</b>			<b><u>11,000</u></b>	<b><u>-</u></b>

County of Imperial, California  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal Financial Assistance Listing	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Programs:				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	19-10514	\$ 57,903	\$ -
COVID -19 - Housing Opportunities for Persons with AIDS (HOPWA)	14.241	19-1127	26,471	-
Subtotal			<u>84,374</u>	<u>-</u>
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	16-CDBG-11151	78,988	-
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	17-CDBG-12013	5,143,107	-
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12924	15,275	-
Subtotal			<u>5,237,370</u>	<u>-</u>
Passed Through California Department of Housing and Community Development: Emergency Solutions Grant Program	14.231	ESGCV1-00013	372,592	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>5,694,336</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Justice</u></b>				
Passed Through State Office of Criminal Justice:				
Crime Victim Assistance	16.575	VW20340130	361,932	-
Crime Victim Assistance	16.575	UV20050130	166,995	-
Subtotal			<u>528,927</u>	<u>-</u>
Violence Against Women Formula Grants	16.588	LE20040130	194,064	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0125	6,877	-
<b>Total U.S. Department of Justice</b>			<b><u>729,868</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Labor</u></b>				
Passed Through California State Department of Employment Development:				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	AA011008	2,174,207	84,663
WIA/WIOA Youth Activities	17.259	AA011008	1,992,829	504,706
WIOA National Dislocated Workers Grant/ WIA National Emergency Grants	17.277	AA011008	56,398	56,398
WIA/WIOA Dislocated Worker Formula Grants	17.278	AA011008	2,114,830	84,663
Subtotal WIOA Cluster			<u>6,338,264</u>	<u>730,430</u>
<b>Total U.S. Department of Labor</b>			<b><u>6,338,264</u></b>	<b><u>730,430</u></b>

County of Imperial, California  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal Financial Assistance Listing	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<b><u>U.S. Department of Transportation</u></b>				
Passed Through California State Department of Transportation:				
COVID -19 - Airport Improvement Plan	20.106	03-06-0109-037	\$ 194,475	\$ -
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	STPLH5958	1,078,312	-
Highway Planning and Construction	20.205	ATPLNI-6049 (018)	14,465	-
Subtotal Highway Planning and Construction Cluster			1,092,777	-
<b>Total U.S. Department of Transportation</b>			<b>1,287,252</b>	<b>-</b>
<b><u>U.S. Department of Treasury</u></b>				
Direct Programs:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA	6,181,000	-
Passed Through California State Department of Treasury:				
COVID-19 - Coronavirus Relief Fund	21.019	CARES ACT	19,298,225	537,958
<b>Total U.S. Department of Treasury</b>			<b>25,479,225</b>	<b>537,958</b>
<b><u>U.S. Environmental Protection Agency</u></b>				
Direct Programs:				
Air Pollution Control Program Support	66.001	901319	49,900	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	99T40001	445,000	-
Surveys, Studies, Research, Investigations, Demonstrations, and 31, 12	66.034	799438106	49,933	-
Subtotal			494,933	-
<b>Total U.S. Environmental Protection Agency</b>			<b>544,833</b>	<b>-</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed Through State Department of Health Services:				
COVID-19 - Public Health Emergency Preparedness	93.069	COVID-19-1402	263,550	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Public Health Preparedness Program	93.074	17-10156	152,985	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements National Bioterrorism Hospital Preparedness Program	93.889	17-10156	210,239	-
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889	COVID-19-1402	131,544	-
Subtotal			341,783	-

County of Imperial, California  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal Financial Assistance Listing	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (Cont'd)</b>				
Passed Through State Department of Health Services:				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5NU50CK000539- 02-00	\$ 296,527	\$ -
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6NU50CK000539- 01-08	41,362	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19 ELC72	213,976	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19 ELC72	243,873	-
Subtotal			795,738	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2013BASE00	275,387	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2013FSIE00	16,659	-
Subtotal			292,046	-
Immunization Cooperative Agreements	93.268	17-10319 AO2	363,242	-
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	20-10523	25,271	-
Subtotal			388,513	-
Medicaid Cluster:				
Medical Assistance Program	93.778	13-17 EVRGN	3,765	-
Medical Assistance Program	93.778	17-94012	3,763	-
Medical Assistance Program	93.778	IMPERIAL(13) CHDP/ FOSTER/ PMM&O	288,391	-
Subtotal Medicaid Cluster			295,919	-
HIV Care Formulas Grants	93.917	18-10868	151,182	141,128
HIV Care Formulas Grants	93.917	19-11151	25,538	-
Subtotal			176,720	141,128
Maternal and Child Health Services Block Grant to the States	93.994	201913 Imperial/ MCAH	106,566	-
Maternal and Child Health Services Block Grant to the States	93.994	Imperial (13) CCS FY 20-21	244,983	-
Subtotal			351,549	-
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	15-10158	727,466	-

County of Imperial, California  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal Financial Assistance Listing	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (Cont'd)</b>				
Passed Through Administration for Children and Families:				
Guardianship Assistance	93.090	FY 2020-21	\$ 948,680	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	FY 2020-21	64,113	-
Adoption and Legal Guardianship Incentive Payments	93.603	FY 2020-21	47,549	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	FY 2020-21	212,009	-
Foster Care Title IV-E	93.658	FY 2020-21	2,263,535	-
Adoption Assistance	93.659	FY 2020-21	151,934	-
Adoption Assistance	93.659	FY 2020-21	2,403,944	-
Subtotal			2,555,878	-
Social Services Block Grant	93.667	FY 2020-21	203,230	-
Social Services Block Grant	93.667	FY 2020-21	2,714,481	-
Subtotal			2,917,711	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	FY 2020-21	66,870	-
Passed Through California State Department of Alcohol and Drug Programs:				
Block Grants for Community Mental Health Services	93.958	DUNS 073354573	768,827	-
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	DUNS 073354573	1,036,682	-
Projects for Assistance in Transition for Homelessness (PATH)	93.150	DUNS 621223048	60,011	-
Subtotal			1,865,520	-
Passed Through California State Department of Social Services:				
Child Support Enforcement	93.563	FY 2020-21	5,040,527	-
Temporary Assistance for Needy Families	93.558	AB98	307,304	-
Temporary Assistance for Needy Families	93.558	FY 2020-21	12,397,797	-
Temporary Assistance for Needy Families	93.558	FY 2020-21	5,345,031	-
Subtotal			18,050,132	-

County of Imperial, California  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2021

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal Financial Assistance Listing	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<b><u>U.S. Department of Health and Human Services (Cont'd)</u></b>				
Passed Through California 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-2021-24	\$ 1,361	\$ -
Special Programs for the Aging_ Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-2021-24	2,638	-
Special Programs for the Aging - Title III, Part D, DiseasePrevention and Health Promotion Services	93.043	AP-2021-24	10,495	-
Special Programs for the Aging_ Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-2021-24	158,674	61,096
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	AP-2021-24	391,179	391,179
Nutrition Services Incentive Program	93.053	AP-2021-24	60,311	60,311
National Family Caregiver Support, Title III, Part E	93.052	AP-2021-24	106,076	104,225
Subtotal Aging Cluster			730,734	616,811
<b>Total U.S. Department of Health and Human Services</b>			<b>38,549,527</b>	<b>757,939</b>
<b><u>Executive Office of the President</u></b>				
Direct Programs:				
High Intensity Drug Trafficking Areas Program	95.001	2020-2021	149,220	-
High Intensity Drug Trafficking Areas Program	95.001	SI-SW-007-15	760,855	-
High Intensity Drug Trafficking Areas Program	95.001	SW-CAS-0760	303,403	-
<b>Total Executive Office of the President</b>			<b>1,213,478</b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed Through Governor's Office of Emergency Services:				
Homeland Security Grant Program	97.067	2018-0054	1,386,697	-
Homeland Security Grant Program	97.067	2017-0083	96,002	-
Homeland Security Grant Program	97.067	2019-0035	326,727	-
Homeland Security Grant Program	97.067	2020-0095	43,094	-
Subtotal			1,852,520	-

County of Imperial, California  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grant/Pass-Through Grantor/ Program/Cluster Title	Federal Financial Assistance Listing	Pass-Through/ Grantor's Number	Federal Award Expenditures	Awards Passed Through to Subrecipients
<b>U.S. Department of Homeland Security (Cont'd)</b>				
<b>Federal Emergency Management Agency</b>				
Passed Through Governor's Office of Emergency Services:				
COVID-19 - California COVID-19 Pandemic	97.036	FEMA-4482-DR-CA	\$ 1,163,040	\$ -
Hazard Mitigation Grant	97.039	4407-118-18	<u>112,500</u>	<u>-</u>
Emergency Management Performance Grants	97.042	220-0019	<u>18,955</u>	<u>-</u>
Subtotal			<u>1,294,495</u>	<u>-</u>
<b>U.S. Immigration and Customs Enforcement (Ice)</b>				
Direct Programs:				
CyberTipline	97.076	FY20-21	<u>14,761</u>	<u>-</u>
<b>Total U.S Department of Homeland Security</b>			<u><b>3,161,776</b></u>	<u><b>-</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 87,679,153</b></u>	<u><b>\$ 2,026,327</b></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) for the year ended June 30, 2021. 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.

**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 - Assistance Listing (AL) Numbers**

The AL 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 Assistance Listing Catalog.

**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	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs, except for 17.258, 17.259, 17.277, 17.278 (WIOA Cluster) and 21.027 (COVID-19 Coronavirus State and Local Fiscal Recovery Funds), which were qualified.
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	Federal Financial Assistance Number
SNAP Cluster	10.561
WIOA Cluster	17.258, 17.259, 17.277, 17.278
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
COVID-19 - Coronavirus Relief Fund	21.019
Child Support Enforcement	93.563
Social Services Block Grant	93.667
Dollar threshold used to distinguish between type A and type B programs:	\$2,630,375
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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**2021-001      Adoption of New Accounting Standard**  
**Type of Finding:** Material Weakness

***Criteria:***

In order to fairly present the Financial Statements in accordance with accounting principles generally accepted in the United States of America, management must adopt the provisions of Government Accounting Standards Board (GASB) Statements. For the fiscal year ended June 30, 2021, the County was required to adopt GASB Statement No. 84, "Fiduciary Activities."

***Condition:***

During our audit, we noted the County did not initially adopt GASB Statement No. 84, "Fiduciary Activities." Material adjustments were made to the closed trial balance in order to adopt the new accounting standard.

***Context:***

The condition noted above was identified during our testing of the County's accounting records.

***Effect:***

Due to the above condition, material adjustments were necessary to fairly state the financial statements. Additionally, the issuance of the County's financial statements was significantly delayed.

***Cause:***

The County does not have sufficient procedures in place to ensure all required accounting standards are implemented accurately and timely.

***Recommendation:***

We recommend the County implement further policies and procedures in order to ensure all required accounting standards are implemented accurately and timely.

***Views of Responsible Official:***

See separate Corrective Action Plan.

**2021-002 Reporting and Closing**  
**Type of Finding:** 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 year-end closing process should include the review of all balances and activities.

***Condition:***

We noted the following:

- Within the General Fund, an adjustment in the amount of \$2 million was recorded to account for the current year tax receivable.
- Within the Library Fund, an adjustment in the amount of \$38 thousand was recorded to account for the current year tax receivable.
- Within the Fire Protection Fund, an adjustment in the amount of \$482 thousand was recorded to account for the current year tax receivable.
- Within the General Fund, an adjustment in the amount of \$856 thousand was recorded to reclassify revenues that were not received within the County's period of availability as Deferred Inflows of Resources- Unavailable Revenues.
- Within the Public Health Fund, an adjustment in the amount of \$1.2 million was recorded to reclassify revenues that were not received within the County's period of availability as Deferred Inflows of Resources- Unavailable Revenues.
- Within the Behavioral Health Services Fund, an adjustment in the amount of \$3.7 million was recorded to reclassify revenues that were not received within the County's period of availability as Deferred Inflows of Resources- Unavailable Revenues.
- Within the Fire Protection Fund, an adjustment in the amount of \$599 thousand was recorded to reclassify revenues that were not received within the County's period of availability as Deferred Inflows of Resources- Unavailable Revenues.
- Within the Public Protection Fund, an adjustment in the amount of \$1 million was recorded to reclassify revenues that were not received within the County's period of availability as Deferred Inflows of Resources- Unavailable Revenues.
- Within the Fire Protection Fund, an adjustment in the amount of \$50 thousand was recorded to account for an Accounts Payable and Expenditure transaction not previously recorded.
- Within the Sanitation Fund, an adjustment in the amount of \$30 million was recorded to account for prior year closure and post-closure liabilities not recorded in the trial balance, the current year increase in the closure and post-closure liabilities, and an additional corrective action liability not previously recorded.
- Within the American Rescue Plan Act Fund, an adjustment of 11.4 million was recorded to reclassify revenues recorded as unearned revenue.

- Within the Sanitation Fund, an adjustment in the amount of \$76.6 thousand was recorded to reclassify depreciation expense out of equity.
- Within the Medical Plan Internal Service Fund, an adjustment in the amount of \$10 million dollars was recorded to reclassify expenses recorded to equity.
- Immaterial adjustments within the Special Revenue Funds and the Internal Service Funds were recorded to reclass inventory activities, various expenditures, and compensated absences activities recorded to equity.
- An entry in the amount of \$5.1 million was recorded to reconcile the County capital assets records to the County trial balance.
- Transfers in the amount of \$27 million were reclassified from revenues and expenditures.
- An adjustment in the amount of \$25 million was recorded to reclass negative cash balances to short-term interfund borrowings.
- Within the General Fund, a prior period adjustment of \$1.5 million was recorded to account for the County's OPEB Trust Activity within the Fiduciary Activity.
- Within the Disaster Recovery Fund, a prior period adjustment of \$739 thousand was recorded to adjust for revenues recorded twice.
- Governmental Activities beginning net position was restated in the amount of \$1.1 million to account for assets not previously recorded.
- Business-Type Activities and the Sanitation Fund beginning net position was restated in the amount of \$308 thousand to account for capital assets recorded twice.
- Activities within the Planning Department Fund, the Auditor Fund, and the Public Ways Fund, which were classified by the County as special revenue fund activities, were reclassified into the General Fund to properly classify the funds' activities.
- Activities within the DNA Identification- Local Fund, which was classified by the County as a custodial fund, was reclassified to a special revenue fund to properly classify the fund's activities.

**Context:**

The condition noted above was identified during testing over various account balances and activities.

**Effect:**

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

**Cause:**

The County does not have sufficient procedures in place to ensure a proper year-end closing is completed accurately and timely.

**Recommendation:**

We recommend that the County implement year-end closing processes in order to ensure the financials are fairly stated in all material respects, and completed timely.

**Views of Responsible Officials and Planned Corrective Action:**

See separate Corrective Action Plan.

**2021-003**

**Procurement/Purchasing**

**Type of Finding:** Significant Deficiency

**Criteria:**

Management is responsible for implementing internal controls and maintaining appropriate documentation to support all County purchases in accordance with the County Procurement Policy (Policy # PUR-PO-001 2019). Additionally, Management is responsible for maintaining a system of internal controls to mitigate the risk of unapproved purchases being processed.

**Condition:**

During our testing over the County's procurement process, we noted one (1) instance in which the County was unable to provide documentation to support the procurement of goods in accordance with the County's purchasing policies. We sampled 40 transactions to test for procurement. Of those, 1 transaction selected for testing required informal solicitations of which, the County was unable to provide evidence of obtaining three quotes for the purchase. The purchase totaled \$9.4 thousand.

Additionally, as part of our testing over purchases, we identified payments to vendors that exceed the approved purchase order amount are able to be processed within the County's accounting system.

**Context:**

The condition noted above was identified during testing over the County's purchasing and procurement process.

**Effect:**

Due to the above condition, we determined the County is not consistently following its procurement policies And there is potential for payments to vendors to be greater than what was approved without proper review.

***Cause:***

The County does not have sufficient procedures in place to ensure documentation is maintained to support procured purchases. Additionally, the County does not have sufficient system controls in place to ensure payment on invoices does not exceed the initially approved purchase order amount.

***Recommendation:***

We recommend the County implement additional policies and procedures to ensure documentation is maintained to support all County purchases. Additionally, we recommend the County set up internal controls within its accounting software to ensure processed invoices cannot exceed the related approved purchase order dollar amounts.

***Views of Responsible Officials and Planned Corrective Action:***

See separate Corrective Action Plan.

**2021-004**

**Timecard Approvals**

**Type of Finding:** Significant Deficiency

***Criteria:***

In order to ensure accurate time reporting, department managers and supervisors should perform a timely review of each employees' pay prior to the processing of payroll.

***Condition:***

During our testing over the County's payroll process, we noted instances in which the County was unable to provide support for department managements' approval of certain employees' timecards. We sampled 60 transactions to test for timecard approvals. Of those, we observed 22 transactions in which there was no documented review and approval of the time input on the timecards.

***Context:***

The condition noted above was identified during testing over the County's payroll process.

***Effect:***

Lack of review of employee timecards can result in inaccurate employee pay, which is not detected timely.

***Cause:***

The County does not have sufficient procedures in place to ensure timely review of all employee timecards.

***Recommendation:***

We recommend the County implement additional policies and procedures to ensure employee timecards are reviewed timely.

***Views of Responsible Officials and Planned Corrective Action:***

See separate Corrective Action Plan.

**2021-005**

**Journal Entry Approvals**

***Type of Finding:*** Significant Deficiency

***Criteria:***

The use of journal entries is an important element of the County's financial processes. Journal entries are used to transfer amounts between funds, post adjustments and perform accruals. In order to ensure accurate financial reporting, management should perform a timely review of each journal entry prior to posting to, the County's system.

***Condition:***

During our testing over the County's tax allocation, we observed that the journal entry posted to record the allocation was not reviewed and approved by a separate individual prior to posting. Additionally, we noted there is no system control in place to prevent the posting of journal entries without a separate reviewer's approval.

***Context:***

The condition noted above was identified during testing over the County's tax allocation process.

***Effect:***

Journal entries posted to the accounting system without appropriate review can result in inaccurate financial reporting.



***Cause:***

The County did not appropriately review and approve the selected entry prior to being posted to the County's general ledger. Additionally, the County's financial reporting software does not have system controls in place to prevent the preparation and posting of transactions by the same individual.

***Recommendation:***

We recommend the county implement controls to ensure all entries posted to the County's general ledger are reviewed and approved by a separate individual then the preparer prior to posting to the financial statements.

***Views of Responsible Officials and Planned Corrective Action:***

See separate Corrective Action Plan.

**2021-006      Schedule of Expenditures of Federal Awards Reporting  
Type of Finding: *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 statues, 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 County's SEFA, we noted the following:

- Expenditures of \$28M could not be reconciled to supporting documentation.
- Various adjustments were necessary including adjusting CFDA numbers, program names and clusters.

***Context:***

The condition noted above was identified during testing over the County's SEFA.

***Effect:***

Material adjustments to the SEFA were required to reconcile to the County's records.

***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.

***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 Official:***

See separate Corrective Action Plan.

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Section III – Federal Award Findings and Questioned Costs

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**2021-007**      **Program:** COVID-19 Coronavirus Relief Fund  
**Federal Financial Assistance Listing Number:** 21.019  
**Federal Grantor:** U.S. Department of Treasury  
**Pass-Through:** California Department of Treasury  
**Award No. and Year:** 2021

**Compliance Requirements:** Subrecipient Monitoring  
**Type of Finding:** Significant Deficiency in Internal Control and Instance of Noncompliance

**Criteria:**

*Title 2 U.S. Code of Federal Regulations (CFR) Part 200.331(a), Requirements for Pass-Through Entities*, states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information as well as all the requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award

In accordance with 2 CFR 200.332, pass-through entities must comply with the following:

- *2 CFR section 200.332(b)* - Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward for purpose of determining the appropriate subrecipient monitoring.
- *2 CFR 200.332(d)*- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include the information at 2 CFR 200.332(d)(1) through (4).
- *2 CFR 200.332(f)* – Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 200.501.

**Condition:**

During our testing of the County's County Executive Office (CEO) provisions for subrecipient monitoring over the Coronavirus Relief Fund (CRF), we noted the following instances:

- The following information was not provided at the time of the subaward for four (4) of four (4) subawards selected for testing:
  - Subrecipient's unique entity identifier
  - Federal award identification number
  - Federal award date of award to recipient by the Federal agency
  - Subaward period of performance
  - Amount of federal funds obligated to the subrecipient

- Amount of federal funds committed to the subrecipient
- Federal award project description
- Name of federal awarding agency
- Federal Financial Assistance Listing/CFDA Number
- Identification of whether the award is research and development
- Indirect cost rate
- The County did not have any formal controls or procedures in place for evaluating each subrecipient's risk of noncompliance.
- The County did not have any formal controls or procedures in place for subrecipient monitoring.

***Context:***

A nonstatistical sample of four (4) of thirteen (13) subrecipients were sampled. The condition above was identified during our procedures related to subrecipient monitoring and was pervasive to the program.

***Effect:***

The County's CEO department did not identify the required key elements of subawards to the subrecipients at the time of the subaward, increasing the risk of noncompliance. Additionally, the County's CEO department did not maintain policies and procedures to align with the Subrecipient Monitoring requirements in 2 CFR 200.332 and did not comply with subrecipient monitoring requirements related to the program.

***Cause:***

The County's CEO department did not consistently ensure that the required award information and applicable requirements were communicated to the subrecipients. Additionally, the County's CEO department did not maintain policies and procedures to align with the Subrecipient Monitoring requirements in 2 CFR 200.332.

***Questioned Costs:***

No questioned costs were identified as a result of our procedures.

***Repeat Finding from Prior Year(s):***

No.

**Recommendation:**

We recommend that the County implement policies and procedures in accordance with 2 CFR 200.331 and 200.332 to ensure compliance with subrecipient monitoring requirements.

**View of Responsible Officials and Planned Corrective Action:**

See separate Corrective Action Plan.

**2021-008**

**Program:** WIOA Cluster

**Federal Financial Assistance Listing Number:** 17.258, 17.259, 17.277, 17.278

**Federal Grantor:** U.S. Department of Labor

**Pass-Through:** California Department of Employment Development

**Award No. and Year:** AA011008 and 2019

**Compliance Requirements:** Subrecipient Monitoring

**Type of Finding:** Material Weakness in Internal Control over Compliance and Material Noncompliance

**Criteria:**

*2 CFR Section 200.303(a)*, Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

*2 CFR Part 200.331(a)*, Requirements for Pass-Through Entities, states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information as well as all the requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award.

*2 CFR section 200.332(b)*, Requirements for Pass-Through Entities, states that all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward for purpose of determining the appropriate subrecipient monitoring.

**Condition:**

During our testing of the Imperial County Workforce Development Office's (ICWDO) provisions for subrecipient monitoring under the WIOA Cluster, we noted the following instances:

- For one (1) of the one (1) subrecipient selected for testing, there was no review or approval over the monitoring procedures performed by ICWDO monitoring staff.
- The following information was not provided at the time of the subaward for one (1) of the one (1) subaward selected for testing:
  - Federal award identification number
  - Federal award date of award to recipient by the Federal agency
  - Name of federal awarding agency
  - Federal Financial Assistance Listing/CFDA Number
  - Identification of whether the award is research and development
- The County did not document their evaluation of each subrecipient's risk of noncompliance.

**Context:**

The entire population of one (1) subrecipient was selected for the WIOA Cluster with ICWDO. The condition above was identified during our procedures related to subrecipient monitoring and was pervasive to the program.

**Effect:**

The County's ICWDO department did not review and approve monitoring procedures performed over its subrecipients. Additionally, the ICWDO department did not maintain policies and procedures to align with the Subrecipient Monitoring requirements in 2 CFR 200.331(a) and 200.332(b).

**Cause:**

The County's ICWDO department does not have a formal procedure in place for the department's review and approval over the monitoring procedures performed by the department over its subrecipients. The ICWDO department did not ensure that the required award information and applicable requirements were communicated to the subrecipients and did not maintain documentation of their evaluation of each subrecipient's risk of noncompliance.

**Questioned Costs:**

No questioned costs were identified as a result of our procedures.

**Repeat Finding from Prior Year(s):**

No.

***Recommendation:***

We recommend that the County implement policies and procedures in accordance with 2 CFR 200.331(a) 200.332(b) to ensure compliance with subrecipient monitoring requirements and that require the review and approval of the monitoring procedures performed over its subrecipients by a separate individual.

***View of Responsible Officials and Planned Corrective Action:***

See separate Corrective Action Plan.

**2021-009**

**Program:** COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)  
**Federal Financial Assistance Listing Number:** 21.027  
**Federal Grantor:** U.S. Department of Treasury  
**Award No. and Year:** 2021

**Compliance Requirements:** Allowable Activities, Allowable Costs and Cost Principles and Period of Performance

**Type of Finding:** Material Weakness in Internal Control over Compliance and Material Noncompliance

***Criteria:***

Per section 602(g)(1) of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024.

2 CFR Section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

***Condition:***

During our testing the County's County Executive Office's (CEO) provisions for allowable activities, allowable costs and cost principles, and period of performance, we noted the following instance:

- The County's ARPA payroll allocation contained \$2.6M of safety payroll expenditures from the period of March 2020 through December 2020.
- The County's ARPA payroll allocation did not have any evidence of the CEO department's review and approval.

**Context:**

The entire population of one ARPA payroll allocation was tested. The condition noted above was identified during our procedures related to allowable activities, allowable costs and cost principles and period of performance.

**Effect:**

The County did not ensure the expenditures included in their ARPA payroll allocation were within the program's period of performance and included \$2.6M of expenditures that occurred outside the program's period of performance. Additionally, the County's process was not consistently followed, which requires specific levels of review and approval over transactions.

**Cause:**

The County did not ensure the expenditures included in their ARPA payroll allocation were within the program's period of performance. Additionally, the County did not ensure their process was followed accordingly relating to the review and approval over transactions.

**Questioned Costs:**

The March-December 2020 payroll expenditures included in the payroll allocation for ARPA totaled to \$2,600,000.

**Repeat Finding from Prior Year(s):**

No.

**Recommendation:**

We recommend the County comply with section 602(g)(1) of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, and ensure expenditures claimed under the ARPA program fall within the grant's period of performance. Additionally, we recommend the County adhere to their policies and ensure the required level of review and approval is completed and documented.

**View of Responsible Officials and Planned Corrective Action:**

See separate Corrective Action Plan.



**2021-010**

**Program:** WIOA Cluster

**Federal Financial Assistance Listing Number:** 17.258, 17.259, 17.277, 17.278

**Federal Grantor:** U.S. Department of Labor

**Pass-Through:** California Department of Employment Development

**Award No. and Year:** AA011008 and 2019

**Compliance Requirements:** Reporting

**Type of Finding:** Material Weakness in Internal Control over Compliance and Material Noncompliance

***Criteria:***

OMB No. 1205-0461 states that all Employment and Training Administration (ETA) grantees are required to submit quarterly financial reports for each grant award they receive. Financial data is required to be reported cumulatively from grant inception through the end of each reporting period.

2 CFR Section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

***Condition:***

During our testing of Imperial County Workforce Development Office's (ICWDO) provisions for reporting requirements, we noted the following instances:

- For two (2) of the two (2) quarterly reports, the amounts reported did not agree to the amounts recorded in the County's general ledger and SEFA
- For four (4) of the four (4) monthly reports, the amounts reported did not agree to the amounts recorded in the County's general ledger and SEFA
- For one (1) of the one (1) closeout report, the amounts reported did not agree to the amounts recorded in the County's general ledger and SEFA
- For four (4) of the four (4) monthly reports, the reports were prepared, reviewed, and approved by the same individual

***Context:***

A nonstatistical sample as noted below was selected for testing:

- Two (2) of the four (4) quarterly reports
- Four (4) of the twelve (12) monthly reports

The entire population of the closeout report was selected for testing.

***Effect:***

The ICWDO department's procedures were not consistently followed, which requires reports to agree to the amounts recorded in the general ledger and SEFA and requires reports to be reviewed and approved by a separate individual.

***Cause:***

ICWDO did not ensure the amounts reported on the quarterly financial reports agreed to the amounts recorded in the County's general ledger and SEFA and did not ensure there was segregation of duties over the preparation and review and approval of the monthly reports.

***Questioned Costs:***

No questioned costs were identified as a result of our procedures.

***Repeat Finding from Prior Year(s):***

No.

***Recommendation:***

We recommend ICWDO adhere to their policies and procedures and ensure amounts reported on the quarterly financial reports agree to the County's general ledger and SEFA and ensure segregation of duties over the preparation and approval of monthly reports.

***View of Responsible Officials and Planned Corrective Action:***

See separate Corrective Action Plan.

**2021-011**

**Program:** Child Support Enforcement  
**Federal Financial Assistance Listing Number:** 93.563  
**Federal Grantor:** U.S. Department of Health and Human Services  
**Pass-Through:** California Department of Social Services  
**Award No. and Year:** 2021

**Program:** Supplemental Nutrition Assistance Program Cluster  
**Federal Financial Assistance Listing Number:** 10.561  
**Federal Grantor:** U.S. Department of Food and Agriculture  
**Pass-Through:** California Department of Food and Nutrition Service  
**Award No. and Year:** 19-10356 and 2020, and 2021

**Program:** Social Services Block Grant  
**Federal Financial Assistance Listing Number:** 93.667  
**Federal Grantor:** U.S. Department of Health and Human Services  
**Pass-Through:** Administration for Children and Families  
**Award No. and Year:** 2021

**Program:** WIOA Cluster  
**Federal Financial Assistance Listing Number:** 17.258, 17.259, 17.277, 17.278  
**Federal Grantor:** U.S. Department of Labor  
**Pass-Through:** California Department of Employment Development  
**Award No. and Year:** AA011008 and 2019

**Compliance Requirements:** Allowable Activities and Allowable Costs and Cost Principles  
**Type of Finding:** Significant Deficiency in Internal Control

***Criteria:***

2 CFR Section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

***Condition:***

During our testing for the Child Support Enforcement program of the Child Support Services department's (CSS) provisions for allowable activities and allowable costs and cost principles, we noted the following instance:

- For one (1) of sixty (60) transactions selected for testing, the employee did not fill out a time certification and the employee's supervisor did not ensure the form was completed and submitted when due.

During our testing for the Supplemental Nutrition Assistance Program Cluster (SNAP) and the Social Services Block Grant Program of the Department of Social Services' (DSS) provisions for allowable activities and allowable costs and cost principles tested through the County Expense Claim (CEC), we noted the following instance:

- For one (1) of the sixty (60) transactions selected for testing, the employee's supervisor did not review and approve the employee's time study.

During our testing for the WIOA Cluster of the Imperial County Workforce Development Office's (ICWDO) provisions for allowable activities and allowable costs and cost principles, we noted the following instances:

- For one (1) of the sixty (60) transactions selected, there was no evidence of review or approval over the journal entry made to record the transaction.
- For three (3) of the sixty (60) transactions selected, there was no evidence of review or approval over the related claim form.

**Context:**

As the population was greater than two hundred-fifty (250) transactions, a nonstatistical sample of sixty (60) transactions were sampled for the Child Support Enforcement Program. The condition above was identified during our procedures related to allowable activities and allowable costs and cost principles.

As the population was greater than two hundred-fifty (250) transactions, a nonstatistical sample of sixty (60) were sampled for the SNAP and Social Services Block Grant Program tested through CEC. The condition above was identified during our procedures related to allowable activities and allowable costs and cost principles.

As the population was greater than two hundred-fifty (250) transactions, a nonstatistical sample of sixty (60) were sampled for the WIOA Cluster. The condition above was identified during our procedures related to allowable activities.

**Effect:**

The CSS, DSS and ICWDO departments' processes were not consistently followed, which require specific levels of review and approval over transactions.

**Cause:**

The CSS, DSS and ICWDO departments did not ensure their control processes were followed accordingly.

**Questioned Costs:**

No questioned costs were identified as a result of our procedures.

**Repeat Finding from Prior Year(s):**

No.

**Recommendation:**

We recommend the CSS, DSS and ICWDO departments adhere to their policies and ensure the required level of review and approval is completed and documented.

**View 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:**

<b>Finding No.</b>	<b>Category</b>	<b>Status of Corrective Action</b>
2020-001	Financial Reporting	Not implemented – see 2021-002
2020-002	Schedule of Expenditures of Federal Awards Reporting	Not implemented – see 2021-006

**Federal Award Findings:**

<b>Finding No.</b>	<b>Program Name/Description</b>	<b>Federal Financial Assistance Listing</b>	<b>Compliance Requirement</b>	<b>Status of Corrective Action</b>
2020-003	Temporary Assistance for Needy Families (TANF) Cluster	93.558	Eligibility	Implemented