

County of Imperial

El Centro, California

Single Audit and Independent Auditors' Reports

For the Year Ended June 30, 2022



County of Imperial
Single Audit and Independent Auditors' Reports
For the Year Ended June 30, 2022

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**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***

Independent Auditors' Report

Honorable Board of Supervisors
County of Imperial
El Centro, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic 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 of Imperial, California (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 19, 2024. Our report includes a reference to other auditors who audited the financial statements of the Children and Families First Commission (Commission), or the financial statements of the Imperial County Employees' Retirement System Pension Trust Fund (Pension Trust), component units of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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 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 were not 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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 item 2022-002, 2022-003, and 2022-004 to be significant deficiencies.

Report on Compliance and Other Matters

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

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on 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 response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

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San Diego, California
July 19, 2024



**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**

Independent Auditors' Report

Honorable Board of Supervisors
County of Imperial, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Imperial, California's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-005, 2022-006, and 2022-007. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

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

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-006 to be a material weakness.

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 2022-005 and 2022-007 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other 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 the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. Other auditors audited the financial statements the Children and Families First Commission, or the financial statements of the Imperial County Employees' Retirement System Pension Trust Fund, as described in our report on the County's financial statements. We issued our report thereon dated July 19, 2024, which contained unmodified opinions on those financial statements. Our audit was performed 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.

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San Diego, California

July 29, 2024, except for the Schedule of Expenditures and Federal Awards, as to which the date is July 19, 2024.

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County of Imperial

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing Number	Grant Identification Number	Federal Award Expenditures	Pass-Through Award to Subrecipients
<u>U.S. Department of Agriculture:</u>				
<i>Passed through the California Department of Food and Agriculture:</i>				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20-0709-002-SF	\$ 28,557	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0727-017-SF	121,959	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	21-0516-002-SF	81,498	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20-0709-030-SF	26,453	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20-0158	118,802	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	21-0324	13,191	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20-0511-001-SF	5,203	-
Subtotal Assistance Listing Number 10.025			<u>395,663</u>	<u>-</u>
USDA WIC Telehealth Evaluation Collaborative	10.528	DUNS 073354573	150,191	-
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
<i>Passed through the California Department of Public Health:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Education	10.561	19-10356	323,239	-
<i>Passed through the California Department of Social Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561	FY 2021-22	4,581,520	-
Total SNAP Cluster			<u>4,904,759</u>	<u>-</u>
Community Facilities Loans and Grants Cluster:				
<i>Direct Programs:</i>				
Community Facilities Loans and Grants	10.766	0575-0173	94,000	-
Community Facilities Loans and Grants	10.766	RD 1942-46/RD-1940-1	94,815	-
Total Community Facilities Loans and Grants Cluster			<u>188,815</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>5,639,428</u>	<u>-</u>
<u>U.S. Department of Commerce:</u>				
<i>Direct Program:</i>				
Economic Development Support for Planning Organizations	11.302	ED18SEA3020011	1,902	-
Total U.S. Department of Commerce			<u>1,902</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Community Development Block Grant (CDBG) - Entitlement Grants Cluster:				
<i>Direct Programs:</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-11-UN-06-0507	3,715	-
Total CDBG - Entitlement Grants Cluster			<u>3,715</u>	<u>-</u>
<i>Passed through the California Department of Housing and Community Development:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	16-CDBG-11151	230,632	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	17-CDBG-12013	425,620	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12926	143	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12925	14,551	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12928	143	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12924	242,080	-
Subtotal Assistance Listing Number 14.228			<u>913,169</u>	<u>-</u>
Emergency Solutions Grant Program	14.231	20-ESGCV1-00013	1,501,086	1,436,586
HOME Investment Partnerships Program	14.239	18-HOME-12575	24,973	-
HOME Investment Partnerships Program	14.239	18-HOME-12574	647	-
HOME Investment Partnerships Program	14.239	18-HOME-14979	18	-
Subtotal Assistance Listing Number 14.239			<u>25,638</u>	<u>-</u>
Continuum of Care Planning Activities	14.267	CA1958L9D132000	21,196	-
Supportive Services, Administrative Costs (CAP II)	14.267	CA1625L9D132004	20,880	-
Subtotal Assistance Listing Number 14.267			<u>42,076</u>	<u>-</u>
<i>Passed through the California Department of Public Health:</i>				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	19-10514	134,308	-
Total U.S. Department of Housing and Urban Development			<u>2,619,992</u>	<u>1,436,586</u>

County of Imperial
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing Number	Grant Identification Number	Federal Award Expenditures	Pass-Through Award to Subrecipients
<u>U.S. Department of Justice:</u>				
<i>Passed through the California Governor's Office of Emergency Services:</i>				
Crime Victim Assistance - Victim Witness Assistance Program	16.575	VW20340130	238,142	-
Crime Victim Assistance - Unserved/Underserved Victim Advocacy and Outreach Program	16.575	UV20050130	105,365	-
Subtotal Assistance Listing Number 16.575			343,507	-
<i>Direct Programs:</i>				
Violence Against Women Formula Grants	16.588	LE20040130	194,617	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0125	365	-
Equitable Sharing Program	16.922	N/A	86,267	-
Total U.S. Department of Justice			624,756	-
<u>U.S. Department of Labor:</u>				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
<i>Passed through the California Employment Development Department:</i>				
WIOA Adult Program	17.258	AA011008/AA111008	2,815,666	136,701
WIOA Youth Activities	17.259	AA011008/AA111008	2,809,510	956,978
WIOA Dislocated Worker Formula Grants	17.278	AA011008/AA111008	2,436,414	136,701
Total WIOA Cluster			8,061,590	1,230,380
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	AA011008/AA111008	34,723	-
Total U.S. Department of Labor			8,096,313	1,230,380
<u>U.S. Department of Transportation:</u>				
<i>Direct Programs:</i>				
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-06-0109-037-2019	51,016	-
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-06-0109-037-2020	69,000	-
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-06-0109-039-2021	1,538,787	-
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-06-0109-040-2021	23,000	-
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-06-0109-041-2022	28,876	-
Subtotal Assistance Listing Number 20.106			1,710,679	-
<i>Passed through the California Department of Transportation:</i>				
Highway Planning and Construction	20.205	STPLH5958	431,887	-
Highway Planning and Construction	20.205	ATPLNI-6049 (018)	9,974	-
Subtotal Assistance Listing Number 20.205			441,861	-
Total U.S. Department of Transportation			2,152,540	-
<u>U.S. Department of Treasury:</u>				
<i>Direct Program:</i>				
Equitable Sharing	21.016	N/A	4,030	-
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027	N/A	5,858,807	-
Total U.S. Department of Treasury			5,862,837	-
<u>U.S. Environmental Protection Agency:</u>				
<i>Direct Programs:</i>				
Air Pollution Control Program Support	66.001	901319	150,000	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	99T40001	153,902	-
Total U.S. Environmental Protection Agency			303,902	-
<u>U.S. Department of Health and Human Services:</u>				
Aging Cluster:				
<i>Passed through California Department of Aging:</i>				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-2021-24	3,048	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-2021-24	33,407	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals - Robotic Pets	93.042	AP-2021-24	3,405	-
Subtotal Assistance Listing Number 93.042			36,812	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-2021-24	12,946	-

See accompanying Notes to the Schedule of Expenditures of Federal Awards

County of Imperial
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing Number	Grant Identification Number	Federal Award Expenditures	Pass-Through Award to Subrecipients
U.S. Department of Health and Human Services (Continued):				
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-2021-24	193,770	72,286
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AP-2021-24	301,569	301,569
National Family Caregiver Support, Title III, Part E	93.052	AP-2021-24	85,662	85,662
Nutrition Services Incentive Program	93.053	AP-2021-24	48,017	48,017
Total Aging Cluster			681,824	507,534
<i>Passed through the California Department of Public Health:</i>				
COVID-19 - Public Health Emergency Preparedness	93.069	COVID-19-1402	60,774	-
Public Health Emergency Preparedness	93.069	17-10156	124,826	-
Subtotal Assistance Listing Number 93.069			185,600	-
<i>Passed through the California Department of Social Services:</i>				
Guardianship Assistance - Assistance Payments	93.090	1946001347-A7	880,584	-
<i>Passed through the California Department of Health Care Services:</i>				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	60,982	-
<i>Passed through the California Department of Public Health:</i>				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2013BASE00	280,594	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2013FSIE00	16,708	-
Subtotal Assistance Listing Number 93.116			297,302	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead levels in Children	93.197	20-10523	90,104	-
Immunization Cooperative Agreements	93.268	22-10537	866,856	-
<i>Passed through Heluna Health:</i>				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5NU50CK000539-03-00	230,860	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Border Infectious Disease Surveillance (BIDS) Program	93.323	6NU50CK000539-01-08	62,037	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Enhancing Detection Expansion	93.323	COVID-19 ELC14	967,578	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Enhancing Detection Expansion	93.323	COVID-19 ELC72	987,469	-
Subtotal Assistance Listing Number 93.323			2,247,944	-
<i>Passed through the California Department of Social Services:</i>				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	1946001347-A7	68,188	-
Temporary Assistance for Needy Families - Emergency Assistance Foster Care	93.558	AB98	621,551	-
Temporary Assistance for Needy Families - Administration	93.558	1946001347-A7	11,159,849	-
Temporary Assistance for Needy Families - Assistance Payments	93.558	1946001347-A7	8,170,992	-
<i>Passed through the California Employment Development Department:</i>				
Temporary Assistance for Needy Families	93.558	N/A	142,403	-
Subtotal Assistance Listing Number 93.558			20,094,795	-
<i>Passed through the California Department of Child Support Services:</i>				
Child Support Enforcement	93.563	N/A	5,259,518	-
Refugee and Entrant Assistance- State Administered Programs	93.566	1946001347-A7	7,398	-
Adoption and Legal Guardianship Incentive Payments	93.603	1946001347-A7	108,408	-
State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	93.639	1946001347-A7	827,654	-
Stephanie Tubbs Jones Child Welfare Services Program - Administration	93.645	1946001347-A7	214,071	-
Foster Care Title IV-E - Administration	93.658	1946001347-A7	2,327,028	-
Foster Care Title IV-E - Assistance Payments	93.658	1946001347-A7	2,820,708	-
Subtotal Assistance Listing Number 93.658			5,147,736	-
Adoption Assistance - Administration	93.659	1946001347-A7	498,283	-
Adoption Assistance - Assistance Payments	93.659	1946001347-A7	2,403,442	-
Subtotal Assistance Listing Number 93.659			2,901,725	-
Social Services Block Grant - Title XX - Administration	93.667	1946001347-A7	609,690	-
Social Services Block Grant - Title XX - Assistance Payments	93.667	1946001347-A7	179,624	-
Subtotal Assistance Listing Number 93.658			789,314	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1946001347-A7	78,183	-

County of Imperial
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing Number	Grant Identification Number	Federal Award Expenditures	Pass-Through Award to Subrecipients
<u>U.S. Department of Health and Human Services (Continued):</u>				
Medicaid Cluster:				
<i>Passed through the California Department of Health Care Services:</i>				
Medical Assistance Program - County-Based Medi-Cal Administrative Activities (CMAA)	93.778	N/A	2,296	-
Medical Assistance Program - Family Support Services - Health Care Program for Children in Foster Care (HCPFC)	93.778	N/A	117,860	-
Medical Assistance Program - Family Support Services - Psychotropic Medication Monitoring & Oversight (PMM&O)	93.778	N/A	14,222	-
Medical Assistance Program - Youth Opioid Response	93.778	N/A	333,334	-
Medical Assistance Program - Mental Health Administrative Cost (Short-Doyle)	93.778	N/A	3,478,118	-
Medical Assistance Program - Mental Health Administrative Cost (SUD)	93.778	N/A	288,220	-
<i>Passed through the California Department of Social Services:</i>				
Medical Assistance Program - In-Home Supportive Services - Public Authority (IHSS-PA)	93.778	N/A	155,853	-
Medical Assistance Program - (Title XIX, APS/CSBG)	93.778	N/A	77,217	-
Medical Assistance Program - (Title XIX, CWS IV-E)	93.778	N/A	8,864	-
Medical Assistance Program - (Title XIX, CMSP)	93.778	N/A	6,089	-
Medical Assistance Program - (Title XIX, DHS Medi-Cal)	93.778	N/A	2,870,742	-
Medical Assistance Program - (Title XIX, IHSS)	93.778	N/A	1,228,459	-
Total Medicaid Cluster			8,581,274	-
National Bioterrorism Hospital Preparedness Program	93.889	17-10156	139,487	-
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889	COVID-19-1402	43	-
Subtotal Assistance Listing Number 93.889			139,530	-
<i>Passed through the California Department of Public Health:</i>				
HIV Care Formula Grants	93.917	18-10868	150,486	141,128
<i>Passed through the California Department of Health Care Services:</i>				
Block Grants for Community Mental Health Services	93.958	N/A	764,945	-
Block Grants for Community Mental Health Services - Casa Serena	93.958	1H79SN085538-01	823,090	-
Subtotal Assistance Listing Number 93.958			1,588,035	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	1,036,683	-
Maternal and Child Health Services Block Grant to the States - Maternal, Child, and Adolescent Health	93.994	201913 Imperial MCAH	246,515	-
Maternal and Child Health Services Block Grant to the States	93.994	Imperial (13) CCS FY 20-21	535,416	-
Subtotal Assistance Listing Number 93.994			781,931	-
Total U.S. Department of Health and Human Services			53,086,125	648,662
<u>U.S. Executive Office of the President:</u>				
<i>Direct Programs:</i>				
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	-
Total U.S. Executive Office of the President			1,064,258	-
<u>U.S. Department of Homeland Security:</u>				
<i>Passed through the California Governor's Office of Emergency Services:</i>				
Emergency Management Performance Grants	97.042	220-0019	69,606	-
Homeland Security Grant Program	97.067	2017-0083	1,386,697	-
Homeland Security Grant Program	97.067	2018-0054	96,002	-
Homeland Security Grant Program	97.067	2019-0035	282,269	-
Homeland Security Grant Program	97.067	2020-0095	74,476	-
Subtotal Assistance Listing Number 97.067			1,839,444	-
Total U.S. Department of Homeland Security			1,909,050	-
Total Expenditures of Federal Awards			\$ 81,361,103	\$ 3,315,628

County of Imperial
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1 – Reporting Entity

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of County of Imperial, California (the “County”) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule 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 does not present the financial position, changes in net position, or cash flows of the County. The County’s reporting entity is defined in Note 1 to the County's basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Funds received under the various grant programs have been recorded within the general fund, special revenue funds and proprietary funds of the County. The County utilizes the modified accrual method of accounting for the General Fund and special revenue funds and accrual method of accounting for proprietary funds. 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. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 3 – Federal Assistance Listing Numbers

The Federal Assistance Listing Numbers (ALNs) included in the accompanying Schedule were determined based on the federal program name, review of grant contract information, and the U.S. General Services Administration’s SAM.gov website. When no ALN had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word “unknown” were used.

Note 4 – Pass-Through Entities’ Identifying Number

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

Note 5 – Indirect Cost Rate

The County, as a whole, has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Individual departments, or programs, may have a negotiated rate or they may have elected to use the 10 percent de minimis indirect cost rate within their individual grants.

County of Imperial
Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022

Note 6 – 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 7 – Medicaid Cluster

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

County of Imperial
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? 2022-001
- Significant deficiency(ies) identified? 2022-002, 2022-003, 2022-004

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? 2022-006
- Significant deficiency(ies) identified? 2022-005, 2022-007

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster	Federal Expenditures
17.258/259/278	Workforce Innovation and Opportunity Act (WIOA) Cluster	\$ 8,061,590
21.027	Coronavirus State and Local Fiscal Recovery Fund	5,858,807
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	2,247,944
93.558	Temporary Assistance for Needy Families	20,094,795
93.658	Foster Care Title IV-E	5,147,736
93.659	Adoption Assistance Program	2,901,725
93.778	Medicaid Cluster	8,581,274
	Total Expenditures of All Major Federal Programs	<u>\$ 52,893,871</u>
	Total Expenditures of Federal Awards	<u>\$ 81,361,103</u>
	Percentage of Total Expenditures of Federal Awards	<u>65.01%</u>

Dollar threshold used to distinguish between type A and type B programs \$2,440,833

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? No

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II – Financial Statement Findings

Finding 2022-001 Internal Control Over Financial Reporting

Criteria:

Management is responsible for designing, implementing, and maintaining appropriate internal control over financial reporting and compliance. Management is also responsible for the accuracy of the financial statements including disclosures.

The internal control should include establishing or enhancing guidance in the following areas:

- *Control environment* sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- *Risk assessment* is the entity's identification and analysis of relevant risks to achievement of its objectives, forming a basis for developing appropriate risk responses.
- *Control activities* are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system.
- *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enables people to carry out their responsibilities.
- *Monitoring* consists of activities management establishes and operates to assess the quality of performance over time.

Condition:

During the audit, as discussed in Note 17 to the basic financial statements, the County restated its beginning net position/fund balance of the government-wide governmental activities and business-type activities, governmental funds, enterprise funds, and internal service funds as follows:

- Prior period adjustments were recorded in the General Fund (\$1.7 million), Fire Protection Special Revenue Fund (\$483 thousand), and Library Special Revenue Fund (\$38 thousand) were recorded to correct improperly accrued property taxes receivable and understated sales tax receivable.
- A prior period adjustment was recorded in the 1911 Realignment Special Revenue Fund (\$20.8 million) to reclassify prior year revenues recorded as unearned revenue.
- Prior period adjustments were recorded in the Community Development Block Grant Special Revenue Fund (\$1.4 million), Disaster Recovery Grant Special Revenue Fund (\$1.4 million), First Time Home Buyer Special Revenue Fund (\$2.4 million), Housing Rehabilitation Special Revenue Fund (\$182 thousand), Water Treatment Special Revenue Fund (\$31 thousand), and USDA Special Revenue Fund (\$1.3 million) to record accrued interest receivable on loans as unavailable revenue.
- A prior period adjustment was recorded in the Sanitation Enterprise Fund (\$20.0 million) to correct improperly accrued landfill corrective action costs liability.
- A prior period adjustment was recorded in the Clearing/Revolving Internal Service Fund (\$4.5 million) to correct improperly accrued Electronic Benefit Transfer (EBT) payable.
- Governmental Activities beginning net position was restated in the amount of \$16.3 million to record construction in progress excluded from previous years capital assets \$6.7 million, to include internal service fund period adjustments, and to include governmental fund prior period adjustments.
- Business-Type Activities beginning net position was restated in the amount of \$19.9 million to account for prior period adjustments noted in the enterprise funds.

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II – Financial Statement Findings (Continued)

Finding 2022-001 Internal Control Over Financial Reporting (Continued)

Identification as a Repeat Finding, If Applicable:

Yes. See Finding. 2021-002.

Cause:

The County's current process did not ensure that all balances were fairly presented and properly disclosed in a timely manner.

Effect:

Restatements of beginning net position/fund balance as of July 1, 2021 for both the government-wide financial statements and certain individual fund financial statements were necessary to fairly present the County's financial statements.

Recommendation:

We recommend the County evaluate its staff size for Finance Division. We also recommend the County update and follow its policy to review and reconcile the general ledger. The policy and procedures should also include the year-end closing procedures and the accounts to be reconciled in accordance with Governmental Accounting Standards Board Statements and provide training to staff to properly perform the reconciliation and closing.

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Finding 2022-002 Delay in Financial Reporting

Criteria:

Management is responsible for providing timely and accurate financial information. Since the County has expended over \$750,000 of expenditures of federal awards, Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance), states the County is required to submit the Data Collection Form and the reporting package to the Federal Audit Clearinghouse and the State Controller's Office, which include the Basic Financial Statements of the County, within the earlier of 30 days after receipt of auditor's report, or nine month after the end of the audit period.

Condition:

The County has experienced significant delays in the preparation and issuance of the 2022 basic financial statements and its Single Audit required under Uniform Guidance.

Cause:

Due to changes in accounting staff and significant unforeseen workload impacts the Finance Department had difficulty handling the day-to-day operations and perform year-end closing procedures and the required external reporting functions simultaneously in order to provide timely financial statements.

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II – Financial Statement Findings (Continued)

Finding 2022-002 Delay in Financial Reporting (Continued)

Effect:

Delays in processing year-end closing procedures caused the financial statements release to be delayed. In addition, the County is neither in compliance with Uniform Guidance nor is it meeting its current demands for external financial reporting.

Identification as a Repeat Finding, If Applicable:

No.

Recommendation:

Auditor-Controller Department should look at increasing the amount of experienced accounting staff to help facilitate year-end closing processes and the preparation of its basic financial statements. Because the basic financial statements are the responsibility of the County, it is in its own best interest to closely monitor the accounting process to ensure that financial position and operating results are accurately and timely reported.

The following steps could be used to avoid future delays:

- Assign additional qualified accounting personnel to help process complex transactions;
- Identify critical due dates and develop a listing of assignment, including department coordinated items, based on available resources to meet those due dates;
- Hold periodic meetings to monitor the progress of assignments and responsibilities; and
- Conduct management review of financial statements and audit schedules prior to presenting them to the auditors.

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Finding 2022-003 Internal Control Over Preparation of the Schedule of Expenditures of Federal Awards

Criteria:

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:

- (a) 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. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II – Financial Statement Findings (Continued)

Finding 2022-003 Internal Control Over Preparation of the Schedule of Expenditures of Federal Awards (Continued)

Criteria (Continued):

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart F - Audit Requirements. §200.510 Financial statements (2 CFR 200.510):

- (a) *Schedule of expenditures of Federal awards (the “Schedule”).* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 [Basis for determining Federal awards expended.] While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

Condition:

Prior to submission to the Auditor Controller’s Office for compilation of the Schedule, the County departments needs to ensure that the information is complete and accurate. During our testing of the Schedule, we noted the following error:

- All of the federal assistance payments (\$2.8 million) for the Foster Care Title IV-E Program (93.658) were improperly listed under the Social Services Block Grant Program (93.667) in the amount of \$2.8 million, or 59% of the corrected amount.
- Emergency Solutions Grant (ESG) Program under-reported subrecipient expenditures by \$1,436,586, or 100% of the corrected amount.
- The State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services (93.639) were improperly listed under the Block Grants for Community Mental Health Services (93.958) in the amount of \$828 thousand, or 34% of the corrected amount.

The errors were subsequently corrected by the auditor prior to performing the major program determination.

Cause:

The County’s Social Services and Behavioral Health Services departments currently lack a system of adequate communication and oversight controls to ensure that information submitted to the Auditor Controller for preparation of the Schedule is complete and accurate.

Effect:

There is an increased risk for material errors that may exist in the Schedule, which may not be prevented or detected on a timely basis.

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II – Financial Statement Findings (Continued)

Finding 2022-003 Internal Control Over Preparation of the Schedule of Expenditures of Federal Awards (Continued)

Identification as a Repeat Finding, If Applicable:

Yes. See Finding 2021-006.

Recommendation:

The County's Social Services and Behavioral Health Services departments should continue to evaluate its existing process and controls related to its ability to properly account for, report, and timely submit complete and accurate federal award information to the Auditor Controller, which affords their ability to timely compile and produce a final Schedule pursuant to the Uniform Guidance.

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Finding 2022-004 Internal Control Over the Payroll Process

Criteria:

Management is responsible for designing, implementing, and maintaining appropriate internal control over the payroll process. In order to ensure accurate time reporting, department managers and supervisors should perform a timely review of each employee's 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 15 transactions in which there was no documented review and approval of the time input on the timecards.

Cause:

Lack of review of employee timecards can result in inaccurate employee pay, which is not detected timely. The County does not have sufficient procedures in place to ensure timely review of all employee timecards.

Effect:

There is an increased risk for errors or employees to receive pay for unapproved activities.

Identification as a Repeat Finding, If Applicable:

Yes. See Finding 2021-004.

Recommendation:

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

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section II – Financial Statement Findings (Continued)

Finding 2022-004 Internal Control Over the Payroll Process (Continued)

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

Finding 2022-005 Internal Control and Compliance over Eligibility

Information on the Federal Program:

Assistance Listing Number:	93.558
Federal Program Name:	Temporary Aid for Needy Families (TANF)
Federal Agency:	Health and Human Services Administration
Pass-Through Entity:	California Department of Social Services
Federal Award Number and Award Year:	1946001347-A7 - FY21-22

Criteria:

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:

- (a) 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. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 45 – Public Welfare, Subtitle B—Regulations Relating to Public Welfare, Chapter II – Office of Family Assistance (Assistance Programs), Administration for Children and Families, Department of Health and Human Services, Part 233 – Coverage and Conditions of Eligibility in Financial Assistance Programs, Subchapter XXIV - HIV Health Care Services Program, § 233.20 Need and amount of assistance (45 CFR 233.20):

(a) Requirements for State Plans. A State Plan for OAA, AFDC, AB, APTD or AABD must, as specified below:

(1) General.

- (i) Provide that the determination of need and amount of assistance for all applicants and recipients will be made on an objective and equitable basis and all types of income will be taken into consideration in the same way except where otherwise specifically authorized by Federal statute and;

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2022-005 Internal Control and Compliance over Eligibility (Continued)

Condition:

Out of 60 program recipients reviewed, the determination of need and amount of assistance for one (1) program recipient was incorrectly calculated due to the recipient casefile not being updated for the annual statutory cost-of-living-adjustment (COLA). The recipients casefile required the caseworker to run the Eligibility Determination Budget Calculation (EDBC) module to include the manual adjustment for the annual COLA. This procedure was not completed by the recipients caseworker. The Assistance payments totaling \$8,170,992 were disbursed to a population of over 250 program participants during the fiscal year ended June 30, 2022. A non-statistically valid sample of 60 program participants were selected for testing of the eligibility compliance requirement.

Cause:

Existing internal controls did not prevent, or detect and correct, the occurrence of benefits being miscalculated.

Effect:

The County's Social Services (Social Services) department currently lacks a system of appropriate oversight controls to ensure that the applicant's eligibility was properly reviewed and approved. Accordingly, there is an increased risk for benefits being miscalculated, which may not be prevented or detected in a timely manner.

Identification as a Repeat Finding, If Applicable:

No.

Questioned Costs:

No questioned costs were identified.

Recommendation:

Social Services should continue to monitor compliance with its policies to ensure case workers follow the established guidelines for redetermination of the recipients of need and amount of assistance and retain acceptable documentation to support the determinations.

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Finding 2022-006 Internal Control and Compliance over Subrecipient Monitoring

Information on the Federal Program:

Assistance Listing Number(s):	17.258, 17.259, 17.278
Federal Program Name:	Workforce Innovation and Opportunity Act (WIOA)
Federal Agency:	U.S. Department of Labor
Pass-Through Entity:	California Employment Development Department
Federal Award Number and Award Year:	AA311008 - FY21-22

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2022-006 Internal Control and Compliance over Subrecipient Monitoring (Continued)

Criteria (Continued):

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:

- (a) 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. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2: Grants and Agreements, Subtitle A - Office of Management and Budget Guidance for Grants and Agreements, Chapter II - Office of Management and Budget Guidance, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D - Post Federal Award Requirements, Subrecipient Monitoring and Management, §200.331 Requirements for pass-through entities (2 CFR 200.331):

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - (1) Federal award identification.
 - i. Subrecipient name (which must match the name associated with its unique entity identifier);
 - ii. Subrecipient's unique entity identifier;
 - iii. Federal Award Identification Number (FAIN);
 - iv. Federal Award Date (see the definition of *Federal award date* in [§ 200.1 of this part](#)) of award to the recipient by the Federal agency;
 - v. Subaward Period of Performance Start and End Date;
 - vi. Subaward Budget Period Start and End Date;
 - vii. Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - viii. Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
 - ix. Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - xi. Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2022-006 Internal Control and Compliance over Subrecipient Monitoring (Continued)

Criteria (Continued):

- xii. Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
 - xiii. Identification of whether the award is R&D; and
 - xiv. Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.;
- (2) All 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 Federal award;
- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

Title 2: Grants and Agreements, Subtitle A - Office of Management and Budget Guidance for Grants and Agreements, Chapter II - Office of Management and Budget Guidance, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D - Post Federal Award Requirements, Subrecipient Monitoring and Management, §200.332 Requirements for pass-through entities (2 CFR 200.332):

All pass-through entities must:

- (a) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

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 entire population of one (1) subrecipient.

- 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

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2022-006 Internal Control and Compliance over Subrecipient Monitoring (Continued)

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.

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 200.332 (a) and 200.332(b).

Identification as a Repeat Finding, If Applicable:

Yes. See Finding 2021-008.

Questioned Costs:

No questioned costs were identified.

Recommendation:

Social Services should continue to monitor compliance with its policies to ensure case workers follow the established guidelines for redetermination of the recipients of need and amount of assistance and retain acceptable documentation to support the determinations.

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Finding 2022-007 Internal Control and Compliance over Payroll Expenditures

Information on the Federal Program:

Assistance Listing Number(s):	17.258, 17.259, 17.278
Federal Program Name:	Workforce Innovation and Opportunity Act (WIOA)
Federal Agency:	U.S. Department of Labor
Pass-Through Entity:	California Employment Development Department
Federal Award Number and Award Year:	AA311008 - FY21-22

Criteria:

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2022-007 Internal Control and Compliance over Reporting

Information on the Federal Program:

Assistance Listing Number:	17.258, 17.259, 17.278
Federal Program Name:	Workforce Innovation and Opportunity Act (WIOA)
Federal Agency:	U.S. Department of Labor
Pass-Through Entity:	California Employment Development Department
Federal Award Number and Award Year:	AA311008 - FY21-22

Criteria:

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:

- (a) 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. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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.

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 from a nonstatistical sample, 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 from a nonstatistical sample, 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 from a nonstatistical sample, the reports were prepared, reviewed, and approved by the same individual
- For one (1) of the one (1) closeout report consisting of the entire population, the amounts reported did not agree to the amounts recorded in the County’s general ledger and SEFA;

County of Imperial
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2022-007 Internal Control and Compliance over Reporting

Condition:

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.

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.

Identification as a Repeat Finding, If Applicable:

Yes. See Finding 2021-010.

Questioned Costs:

No questioned costs were identified.

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.

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PRIOR AUDIT FINDINGS STATUS

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County of Imperial
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Reference Number:	Financial Statement Finding 2021-001 (Material Weakness) <i>Adoption of New Accounting Standard</i>
Audit Finding:	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.
Recommendation:	The auditors recommended the County implement further policies and procedures in order to ensure all required accounting standards are implemented accurately and timely.
Status:	Implemented.
Reference Number:	Financial Statement Finding 2021-002 (Significant Deficiency) <i>Reporting and Closing</i>
Audit Finding:	During our testing over various account balances and activities, we identified twenty-three (23) material adjustments necessary to fairly state the financial statements
Recommendation:	The auditors recommended the County implement year-end closing processes in order to ensure the financials are fairly stated in all material respects, and completed timely.
Status:	Not implemented. See Finding 2022-001.
Reference Number:	Financial Statement Finding 2021-003 (Significant Deficiency) <i>Procurement/Purchasing</i>
Audit Finding:	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.
Recommendation:	The auditors recommended 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.
Status:	Implemented.
Reference Number:	Financial Statement Finding 2021-004 (Significant Deficiency) <i>Timecard Approvals</i>
Audit Finding:	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.
Recommendation:	The auditors recommended the County implement additional policies and procedures to ensure employee timecards are reviewed timely.
Status:	Not implemented. See Finding 2022-004.

County of Imperial
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2022

Reference Number:	Financial Statement Finding 2021-005 (Significant Deficiency) <i>Journal Entry Approvals</i>
Audit Finding:	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.
Recommendation:	The auditors recommended 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.
Status:	Implemented.
Reference Number:	Financial Statement Finding 2021-006 (Significant Deficiency) <i>Schedule of Expenditures of Federal Awards Reporting</i>
Audit Finding:	During our testing of the County's SEFA, we noted the following: <ul style="list-style-type: none"> • Expenditures of \$28M could not be reconciled to supporting documentation. • Various adjustments were necessary including adjusting CFDA numbers, program names and clusters.
Recommendation:	The auditors recommended the County continue to enhance its reporting procedures to ensure that defined federal expenditures are reported on the SEFA with all necessary identifying elements.
Status:	Not implemented. See Finding 2022-003.
Reference Number:	Federal Award Finding 2021-007 (Significant Deficiency) <i>Subrecipient Monitoring</i>
Program Identification:	U.S. Department of Treasury ALN 21.019 - COVID-19 Coronavirus Relief Fund
Audit Finding:	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: <ul style="list-style-type: none"> • The following information was not provided at the time of the subaward for four (4) of four (4) subawards selected for testing: <ul style="list-style-type: none"> ○ 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

County of Imperial
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2022

Reference Number:	Federal Award Finding 2021-007 (Significant Deficiency) (Continued) <i>Subrecipient Monitoring</i>
	<ul style="list-style-type: none"> • 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.
Recommendation:	The auditors recommended the County implement policies and procedures in accordance with 2 CFR 200.331 and 200.332 to ensure compliance with subrecipient monitoring requirements.
Status:	Not implemented. Federal program ended as of June 30, 2022.
Reference Number:	Federal Award Finding 2021-008 (Material Weakness – Qualified Opinion) <i>Subrecipient Monitoring</i>
Program Identification:	U.S. Department of Labor ALN 17.258, 17.259, 17.277, 17.278 – WIOA Cluster
Audit Finding:	<p>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:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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.
Recommendation:	The auditors recommended 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.
Status:	Not implemented. See finding 2022-006.

County of Imperial
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2022

Reference Number:	Federal Award Finding 2021-009 (Material Weakness – Qualified Opinion) <i>Allowable Activities, Allowable Costs and Cost Principles and Period of Performance</i>
Program Identification:	U.S. Department of Treasury ALN 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Audit Finding:	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: <ul style="list-style-type: none">• 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.
Recommendation:	The auditors recommended 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.
Status:	Implemented.
Reference Number:	Federal Award Finding 2021-010 (Material Weakness – Qualified Opinion) <i>Reporting</i>
Program Identification:	U.S. Department of Labor ALN 17.258, 17.259, 17.277, 17.278 – WIOA Cluster
Audit Finding:	During our testing of Imperial County Workforce Development Office’s (ICWDO) provisions for reporting requirements, we noted the following instances: <ul style="list-style-type: none">• 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.
Recommendation:	The auditors recommended the 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.
Status:	Not implemented. See finding 2022-007.

County of Imperial
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2022

Reference Number:	Federal Award Finding 2021-011 (Significant Deficiency) <i>Allowable Activities, Allowable Costs and Cost Principles</i>
Program Identification:	U.S. Department of Health and Human Services ALN 93.563 – Child Support Enforcement U.S. Department of Agriculture ALN 10.561 – Supplemental Nutrition Assistance Program (SNAP) Cluster U.S. Department of Health and Human Services ALN 93.667 – Social Services Block Grant U.S. Department of Labor ALN 17.258, 17.259, 17.277, 17.278 – WIOA Cluster
Audit Finding:	<p>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:</p> <ul style="list-style-type: none">• 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. <p>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:</p> <ul style="list-style-type: none">• 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. <p>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:</p> <ul style="list-style-type: none">• 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.
Recommendation:	The auditors recommended the CSS, DSS and ICWDO departments adhere to their policies and ensure the required level of review and approval is completed and documented.
Status:	Implemented.

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