County of Imperial

El Centro, California

Single Audit and Independent Auditor's Reports

For the Year Ended June 30, 2025

THE PUN GROUP
ACCOUNTANTS & ADVISORS

County of Imperial
Single Audit and Independent Auditor's Reports
For the Year Ended June 30, 2025

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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 Auditor's 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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 17, 2026. Our report includes a reference to other auditors who audited the financial statements of the Children and Families First Commission (Commission), and 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 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.

The Pun Group, LLP

Santa Ana, California
November 17, 2026

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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 Auditor's Report

Honorable Board of Supervisors
County of Imperial
El Centro, 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, 2025. 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, 2025.

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 Auditor's 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.

Auditor's 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 2025-003, 2025-004, and 2025-005. 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-003 and 2025-005 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-004 to be a significant deficiency.

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, 2025, 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, and 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 November 17, 2026, 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.

The Pun Group, LLP

Santa Ana, California
November 17, 2026

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County of Imperial
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

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 Agriculture:				
Passed through the California Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	24-0236-029-SF	$ 40,000	$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	23-0026-025-SF	7,863	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	24-0132-012-SF	127,372	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	22-1694-016-SF	33,353	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	24-0680-010-SF	5,309	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	23-0529-012-SF	153,538	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	21-0517-005-SF	70,355	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	24-0236-040-SF	41,595	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	23-0026-001-SF	2,932	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	24-0450-001-SF	11,718	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	23-0412-001-SF	2,084	-
Subtotal Assistance Listing Number 10.025			496,119	-
Child Nutrition Cluster:				
Passed through the State of California Department of Education:				
National School Lunch Program	10.555	0113-SN-12R	47,588	-
Total Child Nutrition Cluster			47,588	-
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
Passed through the California Department of Public Health:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Education	10.561	23-10316	349,355	-
Passed through the California Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Administration	10.561	CFL 24/25-19	3,970,206	-
Total SNAP Cluster			4,319,561	-
		Total U.S. Department of Agriculture	4,863,268	-
U.S. Department of Commerce:				
Direct Program:				
Economic Development Support for Planning Organizations	11.302	ED18SEA3020011	68,171	-
		Total U.S. Department of Commerce	68,171	-
U.S. Department of Housing and Urban Development:				
Passed through the California Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12925	172	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12924	1,997,850	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18-CDBG-12938	8,595	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-CDBG-CV2-3-00309	42,499	-
Subtotal Assistance Listing Number 14.228			2,049,116	-
HOME Investment Partnerships Program	14.239	18-HOME-14979	162,088	-
Subtotal Assistance Listing Number 14.239			162,088	-
Continuum of Care Program	14.267	CA2303L9D132300	12,712	-
Continuum of Care Program	14.267	CA1625L9D132307	36,197	-
Subtotal Assistance Listing Number 14.267			48,909	-
Passed through the California Department of Public Health:				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	23-10394	149,326	-
		Total U.S. Department of Housing and Urban Development	2,409,439	-
U.S. Department of Justice:				
Passed through the California Governor's Office of Emergency Services:				
Crime Victim Assistance - Victim Witness Assistance Program	16.575	VW24027201	205,020	-
Direct Programs:				
Violence Against Women Formula Grants	16.588	LE23070130	107,738	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-24-GG-03630-UHPX	34,499	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-24-GG-04704-JAGX	13,362	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG 15PBJA-23-GG-06046-JAGX	17,950	-
Subtotal Assistance Listing Number 16.738			31,312	-
Equitable Sharing Program	16.922	N/A	20,336	-
		Total U.S. Department of Justice	398,905	-

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, 2025

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 Labor:				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed through the California Employment Development Department:				
WIOA Adult Program	17.258	AA411008/AA511008	4,185,767	358,054
WIOA Youth Activities	17.259	AA411008/AA511008	5,059,609	2,331,967
WIOA Dislocated Worker Formula Grants	17.278	AA411008/AA511008	3,207,147	1,108,054
Total WIOA Cluster			12,452,523	3,798,075
		Total U.S. Department of Labor	12,452,523	3,798,075
U.S. Department of Transportation:				
Passed through the California Department of Transportation:				
Highway Planning and Construction Program:				
Highway Planning and Construction	20.205	ATPL-5958	16,887	-
Highway Planning and Construction	20.205	CML-5958	1,306,308	-
Highway Planning and Construction	20.205	HSIPLN-5958	2,541	-
Highway Planning and Construction	20.205	LRSPL-5958	1,059	-
Highway Planning and Construction	20.205	LPPSBIL-5958	74,561	-
Highway Planning and Construction	20.205	BRL5-5958	170,070	-
Highway Planning and Construction	20.205	BRL0-5958	6,371	-
Subtotal Assistance Listing Number 20.205			1,577,797	-
Highway Safety Cluster:				
National Priority Safety Programs	20.616	D125016	176,100	-
Total Highway Safety Cluster			176,100	-
		Total U.S. Department of Transportation	1,753,897	-
U.S. Department of Treasury:				
Direct Program:				
Equitable Sharing Program	21.016	N/A	123,585	-
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027	N/A	5,367,214	-
Local Assistance and Tribal Consistency Fund (LATCF)	21.032	N/A	1,409,164	-
		Total U.S. Department of Treasury	6,899,963	-
U.S. Environmental Protection Agency:				
Direct Programs:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	98T56601	403,165	-
Targeted Airshed Grant Program	66.956	98T16001	1,185,626	1,185,626
		Total U.S. Environmental Protection Agency	1,588,791	1,185,626
U.S. Department of Health and Human Services:				
Passed through California Department of Aging:				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-2425-24	2,886	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-2425-24	35,722	-
Subtotal Assistance Listing Number 93.042			35,722	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-2425-24	21,375	21,375
Subtotal Assistance Listing Number 93.043			21,375	21,375
National Family Caregiver Support, Title III, Part E	93.052	AP-2425-24	117,489	117,489
Subtotal Assistance Listing Number 93.052			117,489	117,489
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-2425-24	221,737	71,905
Subtotal Assistance Listing Number 93.044			221,737	71,905
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AP-2425-24	603,326	603,326
Subtotal Assistance Listing Number 93.045			603,326	603,326
Nutrition Services Incentive Program	93.053	AP-2425-24	45,724	45,724
Subtotal Assistance Listing Number 93.053			45,724	45,724
Total Aging Cluster			870,787	720,955

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, 2025

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):				
Passed through the California Department of Social Services:				
Guardianship Assistance - Assistance Payments	93.090	1946001347-A7	1,369,128	-
Passed through the California Department of Health Care Services:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	51,478	-
Passed through the California Department of Public Health:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2413BASE00	388,389	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2413FSIE00	5,410	-
Subtotal Assistance Listing Number 93.116			393,799	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead levels in Children	93.197	23-10258	294,004	-
Immunization Cooperative Agreements	93.268	22-11069	59,547	-
COVID-19 Immunization Cooperative Agreements	93.268	22-11069	674,533	-
Subtotal Assistance Listing Number 93.268			734,080	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Border Infectious Disease Surveillance (BIDS) Program	93.323	1NU51CK000387-01-00	105,541	-
Alzheimer's Disease Program Initiative (ADPI)	93.470	CZ-2223-24	65,913	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	CFL 24/25-46	197,898	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	N/A	6,878	-
Temporary Assistance for Needy Families - Emergency Assistance Foster Care	93.558	CFL 24/25-11, 15, 22, 24, 60, 70, 73, 75	284,232	-
Temporary Assistance for Needy Families - Administration	93.558	CFL 24/25-11, 15, 22, 24, 60, 70, 73, 75	12,218,597	-
Temporary Assistance for Needy Families - Assistance Payments	93.558	CFL 24/25-11, 15, 22, 24, 60, 70, 73, 75	10,867,126	-
Subtotal Assistance Listing Number 93.558			23,369,955	-
Passed through the California Department of Child Support Services:				
Child Support Enforcement	93.563	CCSI 24-05	3,402,726	-
Passed through the California Department of Social Services:				
Adoption and Legal Guardianship Incentive Payments Program	93.603	CFL 24/25-86	47,980	-
Stephanie Tubbs Jones Child Welfare Services Program - Administration	93.645	CFL 24/25-60	200,372	-
Foster Care Title IV-E - Probation	93.658	CFL 24/25-06, 07, 09, 18, 30, 31, 54, 61, 74	136,234	-
Foster Care Title IV-E - Administration	93.658	CFL 24/25-06, 07, 09, 18, 30, 31, 54, 61, 74	2,267,845	-
Foster Care Title IV-E - Assistance Payments	93.658	CFL 24/25-06, 07, 09, 18, 30, 31, 54, 61, 74	2,079,019	1,498,813
Subtotal Assistance Listing Number 93.658			4,483,098	1,498,813
Adoption Assistance - Administration	93.659	CFL 11/12-18	278,722	-
Adoption Assistance - Assistance Payments	93.659	CFL 11/12-18	3,760,300	-
Subtotal Assistance Listing Number 93.659			4,039,022	-
Social Services Block Grant - Title XX - Administration	93.667	CFL 24/25-60	406,460	-
Social Services Block Grant - Title XX - Assistance Payments	93.667	CFL 24/25-60	201,121	-
Subtotal Assistance Listing Number 93.667			607,581	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	CFL 24/25-44	85,231	-
Elder Abuse Prevention Interventions Program	93.747	CFL 22/23-47, CFL 20/21-88E	2,100	-

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, 2025

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):				
Medicaid Cluster:				
Passed through the California Department of Health Care Services:				
Medical Assistance Program - Family Support Services - Child Health and Disability Prevention (CHDP) F	93.778	N/A	181,387	-
Medical Assistance Program - Family Support Services - Health Care Program for Children in Foster Care (HCPCFC)	93.778	N/A	78,019	-
Grants to States for Medicaid - HCPFC Administration	93.778	N/A	90,180	-
Medical Assistance Program - Family Support Services - Psychotropic Medication Monitoring & Oversight (PMM&O)	93.778	N/A	43,911	-
Grants to States for Medicaid - CMAA	93.778	N/A	9,056	-
Medical Assistance Program - Mental Health Administrative Cost (Short-Doyle)	93.778	N/A	4,372,883	-
Medical Assistance Program - Mental Health Administrative Cost (SUD)	93.778	N/A	181,176	-
Passed through the California Department of Social Services:				
Medical Assistance Program - In-Home Supportive Services - Public Authority (IHSS-PA)	93.778	N/A	267,302	-
Medical Assistance Program - (Title XIX, APS/CSBG)	93.778	N/A	129,635	-
Medical Assistance Program - (Title XIX, CWS IV-E)	93.778	N/A	24,979	-
Medical Assistance Program - (Title XIX, CMSP)	93.778	N/A	4,724	-
Medical Assistance Program - (Title XIX, DHS Medi-Cal)	93.778	MCAC 2024-25 04F, CFL 24/25-05, 21, 66, 77	6,568,641	-
Medical Assistance Program - (Title XIX, IHSS)	93.778	MCAC 2024-25 04F, CFL 24/25-05, 21, 66, 77	1,390,707	-
Total Medicaid Cluster			13,342,600	-
Opioid STR (State Opioid Response)	93.788	N/A	213,235	-
Passed through the California Department of Public Health:				
National Bioterrorism Hospital Preparedness Program	93.889	22-10649	173,052	-
Public Health Emergency Preparedness Program	93.069	22-10649	305,541	-
HIV Care Formula Grants	93.917	23-10962	153,754	153,754
Passed through the California Department of Health Care Services:				
Block Grant for Community Mental Health Services (MHBG)	93.958	N/A	764,945	-
Block Grant for Community Mental Health Services (MTRT)	93.958	N/A	789,938	-
Direct Program:				
Block Grants for Community Mental Health Services - Casa Serena	93.958	1H79SN085538-01	305,141	-
Subtotal Assistance Listing Number 93.958			1,860,024	-
Passed through the California Department of Health Care Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	740,139	-
Maternal and Child Health Services Block Grant to the States - Maternal, Child, and Adolescent Health	93.994	202413	201,999	-
Maternal and Child Health Services Block Grant to the States	93.994	Imperial (13) CCS FY 24/25	588,430	-
Subtotal Assistance Listing Number 93.994			790,429	-
		Total U.S. Department of Health and Human Services	58,083,817	2,512,386
U.S. Executive Office of the President:				
Direct Programs:				
High Intensity Drug Trafficking Areas Program - Grant Coalition	95.001	2024-2025	145,609	-
High Intensity Drug Trafficking Areas Program	95.001	2024-2025	116,554	-
High Intensity Drug Trafficking Areas Program - LECC	95.001	2024-2025	821,291	-
High Intensity Drug Trafficking Areas Program - MMT	95.001	2024-2025	189,335	-
		Total U.S. Executive Office of the President	1,272,789	-
U.S. Department of Homeland Security:				
Passed through the California Governor's Office of Emergency Services:				
Emergency Management Performance Grants	97.042	2025-5008	156,176	156,176
Homeland Security Grant Program	97.067	2023-0042	577,524	385,125
Homeland Security Grant Program	97.067	2021-0081	1,238,100	937,754
Homeland Security Grant Program	97.067	2022-0043	1,778,721	1,378,135
Subtotal Assistance Listing Number 97.067			3,594,345	2,701,014
		Total U.S. Department of Homeland Security	3,750,521	2,857,190
		Total Expenditures of Federal Awards	$ 93,542,084	$ 10,353,277

See accompanying Notes to the Schedule of Expenditures of Federal Awards

County of Imperial
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

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, 2025. 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. 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 de minimis indirect rate as allowed under the Uniform Guidance (10 percent of modified total direct costs for awards issued prior to October 1, 2024 and 15 percent for awards issued or amended on or after October 1, 2024). Individual departments, or programs, may have a negotiated rate or they may have elected to use the allowable de minimis indirect cost rate within their individual grants.

Note 6 – Aging Cluster

The California Department of Aging (CDA) considers other closely-related pass-through programs by the State to be included with the Aging Cluster, in accordance with 2 CFR 200.1. Beginning with the fiscal year ended June 30, 2006, the CDA requires agencies who receive CDA funding to display state-funded expenditures and federal expenditures for each CDA grant awarded. The County expended the following federal and state amounts under these grants:

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Contract Number	Expenditures	
			Federal	State
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-2425-24	$ 2,886	$ -
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-2425-24	35,722	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-2425-24	21,375	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-2425-24	221,737	-
Special Programs for the Aging, Title III, Part C-1, Congregate Meals	93.045	AP-2425-24	315,232	66,756
General Fund Augmentation (C1GL - FY2324), Title III, Part C-1, Congregate Meals	N/A	AP-2324-24	-	24,753
Special Programs for the Aging, Title III, Part C-2, Home-Delivered Meals	93.045	AP-2425-24	288,094	211,303
General Fund Augmentation (C2GL - FY2324), Title III, Part C-2, Home-Delivered Meals	N/A	AP-2324-24	-	227,899
Special Programs for the Aging, Title III, Part E, National Family Caregiver Support	93.052	AP-2425-24	117,489	-
Special Programs for the Aging, Title III, Part C-1, Nutrition Services Incentive Program	93.053	AP-2425-24	26,435	-
Special Programs for the Aging, Title III, Part C-2, Nutrition Services Incentive Program	93.053	AP-2425-24	19,289	-
General Fund Baseline Administration	N/A	AP-2425-24	-	100,000
General Fund Title III, Part B, Long Term Care Ombudsman Services for Older Adults (B1GL)	N/A	AP-2425-24	-	47,213
Ombudsman Public Health L & C Program Fund (PHL&C)	N/A	AP-2425-24	-	1,525
Ombudsman SHF Citation Penalty Fund (SHFCitPen)	N/A	AP-2425-24	-	6,739
Ombudsman Skilled Nursing Quality & Accountability Fund (SNFQAF)	N/A	AP-2425-24	-	7,244
Nutrition Infrastructure Grant Program	N/A	NI-2223-24	-	518,284
CAlz Connect	93.470	CZ-2223-24	65,913	-
Aging And Disability Resource Connection (FY2223)	N/A	AD-2223-21	-	11,318
		Totals	$ 1,114,172	$ 1,223,034

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, 2025

Section I – Summary of Auditor's 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?	No
• Significant deficiency(ies) identified?	2025-001, 2025-002
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	2025-003, 2025-005
• Significant deficiency(ies) identified?	2025-004
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 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	$ 12,452,523
93.658	Foster Care Title IV-E	4,483,098
93.659	Adoption Assistance	4,039,022
93.778	Medicaid Cluster	13,342,600
97.067	Homeland Security Grant Program	3,594,345
	Total Expenditures of All Major Federal Programs	$ 37,911,588
	Total Expenditures of Federal Awards	$ 93,542,084
	Percentage of Total Expenditures of Federal Awards	40.53%

Dollar threshold used to distinguish between type A and type B programs	$2,806,262
Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520?	No

Section II – Financial Statement Findings

Finding 2025-001 Deficit Unassigned Fund Balance (Significant Deficiency)

Criteria:

Under Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. Governmental funds other than the General Fund report unassigned fund balance only when expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, resulting in a deficit.

A deficit fund balance in a special revenue fund indicates that expenditures have exceeded the resources available to the fund. When the operations of a special revenue fund are not anticipated to eliminate a deficit fund balance, management should make appropriate requests to transfer the necessary funds from the General Fund to eliminate the deficit.

Condition:

During our audit we noted that thirteen special revenue funds have deficit unassigned fund balances. The Social Services Special Revenue Fund, Behavioral Health Services Special Revenue Fund, Behavioral Health Advance Special Revenue Fund, Library Special Revenue Fund, Substance Abuse Special Revenue Fund, IHSS Public Authority Special Revenue Fund, RV Park Lake Library Special Revenue Fund, Admin ICCED Special Revenue Fund, Economic Development Special Revenue Fund, USDA Special Revenue Fund, Judicial Special Revenue Fund, Police Protection Special Revenue Fund, and Social Services Realignment Special Revenue Fund had deficit fund balances at the end of the year that was not solely the result of the timing of revenue recognition. The balance in unassigned fund balance is the amount of current financial resources available to finance future operations. The County has not been able to maintain adequate levels of unassigned fund balance in thirteen special revenue funds.

Identification as a Repeat Finding, If Applicable:

Yes. See finding 2024-001.

Cause:

The County has not been able to maintain adequate levels of unassigned fund balance in the thirteen special revenue funds. These deficits in the special revenue funds are a result of the recorded budgeted expenditures exceeding the budgeted special revenues being collected and the incoming transfers from other funds; required grant matching not transferred timely from the matching fund; and ongoing litigation with granting agencies and other funding sources regarding the reimbursement of funds expended for special purposes.

Effect:

The County may not be in a position to adequately fund required future operations and the General Fund ending fund balance may be higher due to the lack of transfers made to address deficits in special revenue funds.

Recommendation:

The County should review all special revenue funds with negative unassigned fund balance and determine what action is appropriate. We also recommend that, if the County determines that such special revenue funding will not be available to cover the costs being incurred, management make appropriation requests to transfer the necessary funds from the General Fund to eliminate the deficit.

Section II – Financial Statement Findings (Continued)

Finding 2025-001 Deficit Unassigned Fund Balance (Significant Deficiency) (Continued)

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Finding 2025-002 Delay in Financial Reporting (Significant Deficiency)

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 Awards* (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 months after the end of the audit period.

Condition:

The County has experienced significant delays in the preparation and issuance of the 2025 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.

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:

Yes. See finding 2024-002.

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;

Section II – Financial Statement Findings (Continued)

Finding 2025-002 Delay in Financial Reporting (Significant Deficiency) (Continued)

Recommendation (Continued):

- 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.

Section III – Federal Award Findings and Questioned Costs

Finding 2025-003 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness)

Information on the Federal Program:

Assistance Listing Number(s):	93.658	
Federal Program Name:	Foster Care - Title IV-E	
Federal Agency:	U.S. Department of Health and Human Services	
Pass-Through Entity:	California Department of Social Services	
Federal Award Number and Award Year:	CFL 24/25-06, 07, 09, 18, 30, 31, 54, 61, 74	2025

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, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the 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, §200.332 Requirements for pass-through entities (2 CFR 200.332):

All pass-through entities must:

(b) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the information provided below. A pass-through entity must provide the best available information when some of the information below is unavailable. A pass-through entity must provide the unavailable information when it is obtained. Required information includes:
  (1) Federal award identification.
    (i) Subrecipient's name (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;
    (v) Subaward Period of Performance Start and End Date;
    (vi) Subaward Budget Period Start and End Date;
    (vii) Amount of Federal Funds Obligated in the subaward;
    (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;

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

Finding 2025-003 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Criteria: (Continued)

(x) Federal award project description, as required by the Federal Funding Accountability and Transparency Act (FFATA);
(xi) Name of the Federal agency, pass-through entity, and contact information for awarding official of the pass-through entity;
(xii) Assistance Listings title and number; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at the time of disbursement;
(xiii) Identification of whether the Federal award is for research and development; and
(xiv) Indirect cost rate for the Federal award (including if the de minimis rate is used in accordance with § 200.414).

(c) Evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient's risk, a pass-through entity should consider the following:
(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).

(d) If appropriate, consider implementing specific conditions in a subaward as described in § 200.208 and notify the Federal agency of the specific conditions.

(e) Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a pass-through entity must:
(1) Review financial and performance reports.
(2) Ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact their ability to meet the milestones or the objectives of a subaward. When significant developments negatively impact the subaward, a subrecipient must provide the pass-through entity with information on their plan for corrective action and any assistance needed to resolve the situation.
(3) Issue a management decision for audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
(4) Resolve audit findings specifically related to the subaward. However, the pass-through entity is not responsible for resolving cross-cutting audit findings that apply to the subaward and other Federal awards or subawards. If a subrecipient has a current Single Audit report and has not been excluded from receiving Federal funding (meaning, has not been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant agency for audit or oversight agency for audit to perform audit follow-up and make management decisions related to cross-cutting audit findings in accordance with section § 200.513(a)(4)(viii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

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

Finding 2025-003 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Criteria: (Continued)

(f) Depending upon the pass-through entity's assessment of the risk posed by the subrecipient (as described in paragraph (c) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
  (1) Providing subrecipients with training and technical assistance on program-related matters;
  (2) Performing site visits to review the subrecipient's program operations; and
  (3) Arranging for agreed-upon-procedures engagements as described in § 200.425.

(g) Verify that a subrecipient is audited as required by subpart F of this part.

(h) Consider whether the results of a subrecipient's audit, site visits, or other monitoring necessitate adjustments to the pass-through entity's records.

(i) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 and in program regulations.

California Department of Social Services (CDSS) County Fiscal Letter (CFL) No. 24/25-82

Annual Reminder of Federal Fund Monitoring Responsibilities for Counties, identifies Foster Family Agencies, group homes, Short-Term Residential Therapeutic Programs, and similar foster care business entities receiving an Aid to Families with Dependent Children-Foster Care program rate as subrecipients requiring the same degree of oversight as other subrecipients. CDSS performs certain licensing and financial audit functions; however, those activities do not replace the County's ongoing responsibilities as the pass-through entity under 2 CFR 200.332.

An effective internal control system should establish documented, risk-based monitoring policies and procedures; assign responsibility for performing and reviewing monitoring; retain evidence of the procedures performed and conclusions reached; and provide for timely follow-up of identified noncompliance and corrective actions.

Condition/Context:

During our testing of the County's compliance with subrecipient monitoring requirements for the Foster Care - Title IV-E program, we selected a nonstatistical sample of four (4) subrecipients from a population of nineteen (19) subrecipients. For four (4) of the four (4) subrecipients selected for testing, the County lacked sufficient documentation demonstrating that it performed monitoring of the subrecipient's activities beyond the monitoring associated with individual foster care placements. Specifically, the County did not provide evidence of broader, entity-level monitoring designed to address the subrecipient's compliance with Federal statutes, regulations, and the terms and conditions of the subaward and the subrecipient's overall performance.

Monitoring of individual foster care placements, including monthly social worker visits and related case record documentation, serves an important case-management and program-oversight purpose; however, it does not, by itself, demonstrate that the County performed the risk-based fiscal, compliance, and performance monitoring required for the subrecipient entity under 2 CFR 200.332. The County indicated that, based on its interpretation of CDSS CFL No. 24/25-82, it relies on the risk assessment and fiscal audit activities performed by the CDSS Fiscal Audit Unit (FAU), as well as CDSS licensing determinations and approved rates. However, the County did not provide documentation of the FAU risk assessment or audit information relied upon for the sampled subrecipients, or documentation evidencing how that information was considered in determining the nature and extent of the County's monitoring.

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

Finding 2025-003 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Condition/Context: (Continued)

In addition, the County indicated that it did not receive any CDSS Decision Management Letters for the sampled subrecipients during the period under review; however, the County did not provide documentation demonstrating that it considered other available audit-related information, such as the results of CDSS FAU fiscal audits and whether the subrecipient was subject to a Single Audit, or used such information, together with other relevant information, to determine and document the nature and extent of monitoring for all four (4) subrecipients.

The following information was not provided at the time of the subaward for four (4) of the four (4) subawards selected for testing:

- Federal award identification number
- Federal award date of award to recipient by the Federal agency
- Name of federal awarding agency
- Assistance Listing Number
- Identification of whether the award is research and development

Cause:

The County's Social Services department had not established and implemented comprehensive written policies and procedures that clearly distinguish monitoring of individual foster care placements from the County's entity-level subrecipient monitoring responsibilities to align with the Subrecipient Monitoring requirements in 2 CFR 200.303 and 200.332. In addition, responsibility for documenting subrecipient risk assessments, planned monitoring procedures, review of financial and performance information, consideration of audit-related communications, and follow-up of identified matters was not sufficiently defined.

Effect:

The County did not comply with applicable subrecipient monitoring requirements for all four (4) of the four (4) subrecipients tested. As a result, there is an increased risk that subrecipients could use Federal funds for unauthorized purposes, fail to comply with Federal statutes, regulations, or subaward terms and conditions, or fail to achieve program objectives without timely detection and corrective action by the County. The absence of documented monitoring also limits the County's ability to demonstrate that it appropriately discharged its responsibilities as a pass-through entity.

Identification as a Repeat Finding, If Applicable:

No.

Questioned Costs:

No questioned costs were identified.

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

Finding 2025-003 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Recommendation:

We recommend that the County strengthen and formalize its subrecipient monitoring policies and procedures to ensure compliance with 2 CFR 200.303 and 200.332 and applicable California Department of Social Services County Fiscal Letters. Specifically, the County should establish and maintain a documented, risk-based monitoring process for all Foster Care Title IV-E subrecipients, including Foster Family Agencies, Group Homes, and Short-Term Residential Therapeutic Programs. The process should include:

- Documented subrecipient risk assessments performed and updated periodically.
- Evidence of review of relevant financial, performance, and audit-related information received from the California Department of Social Services and other available sources.
- Documentation of the monitoring activities performed, the results and conclusions reached, identified exceptions and corrective actions, and supervisory review.
- Procedures to evaluate and follow up on audit findings, management decision letters, corrective action plans, and other indicators of noncompliance.
- Retention of documentation sufficient to demonstrate that the County fulfilled its responsibilities as a pass-through entity.

The County should also clearly distinguish, and document monitoring performed over individual foster care placements from the broader entity-level fiscal, compliance, and performance monitoring required for each subrecipient. Implementing these procedures will help the County demonstrate compliance with Federal subrecipient monitoring requirements and provide adequate oversight of subrecipients receiving Title IV-E funding.

View of Responsible Officials and Planned Corrective Action:

See separate Corrective Action Plan.

Finding 2025-004 Internal Control and Compliance over Reporting (Significant Deficiency)

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:	AA411008 2023, AA511008 2024

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):

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

Finding 2025-004 Internal Control and Compliance over Reporting (Significant Deficiency) (Continued)

Criteria: (Continued)

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.

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 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.

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 2024-004.

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

Finding 2025-004 Internal Control and Compliance over Reporting (Significant Deficiency) (Continued)

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.

Finding 2025-005 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness)

Information on the Federal Program:

Assistance Listing Number(s):	97.067	
Federal Program Name:	Homeland Security Grant Program (Operation Stonegarden)	
Federal Agency:	U.S. Department of Homeland Security	
Pass-Through Entity:	California Governor's Office of Emergency Services	
Federal Award Number and Award Year:	2021-0081	2021
	2022-0043	2022
	2023-0042	2023

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 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):

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

Finding 2025-005 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Criteria: (Continued)

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;
    (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.

(b) 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).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.

(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:
  (1) Reviewing financial and performance reports required by the pass-through entity.

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

Finding 2025-005 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Criteria: (Continued)

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.
(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
(1) Providing subrecipients with training and technical assistance on program-related matters; and
(2) Performing on-site reviews of the subrecipient's program operations;
(3) Arranging for agreed-upon-procedures engagements as described in § 200.425.

(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.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 of this part and in program regulations.

Condition:

The County, through the Imperial County Sheriff's Office (ICSO) as the implementing agency, passes a portion of its Operation Stonegarden subawards to participating law enforcement agencies and reimburses those agencies for approved operational overtime and related costs. During our testing of the County's compliance with subrecipient monitoring requirements, we selected a nonstatistical sample of 4 subrecipients. For all 4 of the 4 subrecipients tested, we noted the following:

- The County did not document an evaluation of the subrecipient's risk of noncompliance to determine the appropriate nature and extent of monitoring.
- The agreement with the subrecipient did not identify the award as a subaward or include the Federal award information required by 2 CFR 200.332(a).
- The County's monitoring was limited to the review of reimbursement claims and the supporting timesheets and activity reports. The County did not perform or document monitoring of the subrecipient's overall compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

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

Finding 2025-005 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Condition: (Continued)

- The County did not verify whether the subrecipient was required to be audited under 2 CFR Part 200, Subpart F, or review the results of applicable audits for findings related to the subaward.

The review of reimbursement claims serves an important purpose in determining that individual costs are supported before payment; however, it does not, by itself, demonstrate that the County performed the risk-based monitoring of the subrecipient required under 2 CFR 200.332.

Cause:

The County had not established and implemented written policies and procedures for its responsibilities as a pass-through entity under the Operation Stonegarden subawards. ICSO's procedures over participating agencies focused on reviewing reimbursement claims for supporting documentation. Responsibility for issuing subaward agreements that include the required Federal award information, performing and documenting subrecipient risk assessments, verifying subrecipient audits, and performing monitoring of subrecipient activities beyond claim review was not assigned.

Effect or Potential Effect:

The County did not comply with applicable subrecipient monitoring requirements for all 4 of the 4 subrecipients tested. As a result, there is an increased risk that subrecipients could use Federal funds for unauthorized purposes, fail to comply with Federal statutes, regulations, or subaward terms and conditions, or fail to achieve subaward performance goals without timely detection and corrective action by the County. In addition, subrecipients that are not provided the required Federal award information may be unable to correctly identify and report the Federal funds they receive. The absence of documented monitoring also limits the County's ability to demonstrate that it appropriately discharged its responsibilities as a pass-through entity.

Questioned Costs:

None.

Context and Sampling:

A nonstatistical sample of 4 subrecipients was selected from a population of 9 subrecipients. The condition was identified for all 4 of the 4 subrecipients tested. Because the sample was nonstatistical, the results are not projected to the remaining population. The finding relates to the design and implementation of the County's subrecipient monitoring process for the Homeland Security Grant Program.

Identification as a Repeat Finding, If Applicable:

No.

Recommendation:

We recommend that the County establish and implement written policies and procedures for its pass-through responsibilities under the Homeland Security Grant Program to ensure compliance with 2 CFR 200.332. Specifically, the County should establish and maintain a documented, risk-based monitoring process for all participating agencies determined to be subrecipients.

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

Finding 2025-005 Internal Control and Compliance over Subrecipient Monitoring (Material Weakness) (Continued)

Recommendation: (Continued)

The process should include:

- Documented determinations of whether each participating agency is a subrecipient or a contractor, in accordance with 2 CFR 200.331.
- Subaward agreements that clearly identify each award as a subaward and include the Federal award information and requirements specified in 2 CFR 200.332(a), updated for subsequent modifications.
- Documented subrecipient risk assessments performed at the time of the subaward and updated periodically.
- Monitoring procedures based on the assessed risk, such as desk reviews and on-site reviews of program operations, in addition to the review of reimbursement claims.
- Procedures to verify that subrecipients meeting the Subpart F threshold are audited, review audit results for findings related to the subaward, issue management decisions as applicable, and follow up on corrective action.
- Supervisory review and retention of documentation sufficient to demonstrate that the County fulfilled its responsibilities as a pass-through entity.

Implementing these procedures will help the County demonstrate compliance with Federal subrecipient monitoring requirements and provide adequate oversight of participating agencies receiving Operation Stonegarden funding.

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, 2025

Reference Number:	**Financial Statement Finding 2024-001 (Significant Deficiency)** *Deficit Unassigned Fund Balance*
Audit Finding:	During our audit we noted that thirteen special revenue funds and one capital projects fund have deficit unassigned fund balances. The Social Services Special Revenue Fund, Public Works Roads Special Revenue Fund, Library Special Revenue Fund, Substance Abuse Special Revenue Fund, IHSS Public Authority Special Revenue Fund, RV Park Lake Library Special Revenue Fund, Admin ICCED Special Revenue Fund, Economic Development Special Revenue Fund, USDA Special Revenue Fund, Judicial Special Revenue Fund, Police Protection Special Revenue Fund, Recreational Facilities Special Revenue Fund, Other Protection Special Revenue Fund, and Capital Projects Fund had deficit fund balances at the end of the year that was not solely the result of the timing of revenue recognition. The balance in unassigned fund balance is the amount of current financial resources available to finance future operations. The County has not been able to maintain adequate levels of unassigned fund balance in thirteen special revenue funds and one capital projects fund.
Recommendation:	The auditor's recommended that the County should review all special revenue funds with negative unassigned fund balance and determine what action is appropriate. We also recommend the County determine if such special revenue funding will not be available to cover the costs being incurred, we recommend that management make appropriation requests to transfer the necessary funds from the General Fund to eliminate the deficit.
Status:	Not implemented. See Finding 2025-001.

Reference Number:	**Financial Statement Finding 2024-002 (Significant Deficiency)** *Delay in Financial Reporting*
Audit Finding:	The County has experienced significant delays in the preparation and issuance of the 2024 basic financial statements and its Single Audit required under Uniform Guidance.
Recommendation:	The auditor's recommended Auditor-Controller Department 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.
Status:	Not implemented. See Finding 2025-002.

Reference Number:	**Federal Award Finding 2024-003 (Material Weakness)** *Internal Control and Compliance over Subrecipient Monitoring*
Program Identification:	U.S. Department of Labor ALN 17.258, 17.259, 17.278 – WIOA Cluster

Audit Finding:	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 two (2) of the two (2) 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 two (2) of the two (2) subaward selected for testing:
	  o Federal award identification number
	  o Federal award date of award to recipient by the Federal agency
	  o Name of federal awarding agency
	  o Federal Financial Assistance Listing/CFDA Number
	  o 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 auditor's recommended recommend ICWDO 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:	Implemented.

Reference Number:	**Federal Award Finding 2024-004 (Significant Deficiency)** *Internal Control and Compliance over Reporting*
Program Identification:	U.S. Department of Labor ALN 17.258, 17.259, 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: • 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.

Reference Number:	**Federal Award Finding 2024-004 (Significant Deficiency) (Continued)** *Internal Control and Compliance over Reporting*
Recommendation:	The auditor's 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 2025-004.

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