

**COUNTY OF BUTTE
SINGLE AUDIT REPORT
JUNE 30, 2014**

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COUNTY OF BUTTE

Single Audit Report
For the Year Ended June 30, 2014

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors and Grand Jury
County of Butte
Oroville, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Butte (County), California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 31, 2014.

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) to determine the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Board of Supervisors and Grand Jury
County of Butte

Purpose of this Report

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

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
December 31, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Board of Supervisors and Grand Jury
County of Butte
Oroville, California

Report on Compliance for Each Major Federal Program

We have audited the County of Butte's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003, and 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003, and 2014-004 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Board of Supervisors and Grand Jury
County of Butte

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the accompanying financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2014, and have issued our report thereon dated December 31, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Roseville, California
February 27, 2015 except for the Schedule
of Expenditures of Federal Awards, which is
dated December 31, 2014

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COUNTY OF BUTTE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Via U.S. Forestry Service:			
Lassen Partnership	10.664	11-LE-11051360-205	\$ 8,000
Plumas Partnership	10.664	11-LE-11051360-207	8,000
Marijuana Eradication - Plumas & Lassen National Forests	10.664	11-LE-11051360-207	30,000
Subtotal Direct			<u>46,000</u>
Passed through Cal EMA:			
Cooperative Forestry Assistance	10.664	--	<u>16,373</u>
Passed through CA Department of Food & Agriculture:			
Pierce's Disease/Glassy-Winged Sharpshooter (GWSS)	10.025	12-0081-SF	48,927
Sudden Oak Death (SOD)	10.025	13-0285-SF	2,267
USFS State & Private Forestry - Broom Eradication	10.680	13-0508-SF	4,351
Subtotal CA Department of Food & Agriculture			<u>55,545</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	--	5,626,086
ISAWS/C-IV Conversion	10.561	--	28,094
SNAP Education Program - Public Health	10.561	13-20489	421,253
Subtotal State Department of Social Services			<u>6,075,433</u>
Passed through State Department of Education:			
National School Lunch Program	10.555	--	<u>66,048</u>
Passed through CA Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10435	<u>1,154,707</u>
Total U.S. Department of Agriculture			<u>\$ 7,414,106</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
HUD Housing grants	14.235	--	108,925
Subtotal Direct			<u>108,925</u>
Passed through the State Department of Housing and Community Development Block Grant/State's Program:			
Community Development Block Grant/State's Program	14.228	11-PTEC-7614	51,386
Community Development Block Grant/State's Program	14.228	10-DRI-6785	721,021
Community Development Block Grant/State's Program	14.228	12-CDBG-8374	184,757
Subtotal CFDA 14.228			<u>957,164</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 1,066,089</u>
<u>U.S. Department of the Interior</u>			
Direct Program:			
Fish and Wildlife Management Assistance	15.608	--	<u>27,738</u>
Total U.S. Department of the Interior			<u>\$ 27,738</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF BUTTE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
Direct Programs:			
ARRA - Victim/Witness Assistance Recovery Act	16.588	ARRA -- PU13 01 0040	\$ 70,219
State Criminal Alien Assistance Program (SCAAP)	16.606	--	31,352
ARRA - Methamphetamine Initiative Grant	16.710	ARRA	58,722
Subtotal Direct			<u>160,293</u>
Passed through Department of Drug Enforcement Agency:			
	16.527	PA-CAE-0392	
OCDETF	16.527	PA-CAE-0369	21,726
DOJ - DEA Grant	16.527	D-13-SF-0024/2013-11	100,000
Total CFDA 16.111			<u>121,726</u>
Passed through California Emergency Management Agency:			
Crime Victim Assistance - Victim Witness Protection	16.575	VW13030040	<u>77,674</u>
Passed through State of California Board of State & Community Corrections:			
	16.738	BSCC 666-12	
Edward Byrne Memorial Justice Assistance (JAG)	16.738	BSCC 666-13	190,951
	16.738	BSCC 651-12	
Anti-Drug Abuse (ADA) Enforcement Program	16.738	BSCC 651-13	26,304
Subtotal CFDA 16.738			<u>217,255</u>
Passed through Shasta County (Sheriff's Office):			
Federal Equitable Sharing	16.922	--	<u>102,828</u>
Total U.S. Department of Justice			<u>\$ 679,776</u>
<u>U.S. Department of Transportation</u>			
Passed through CA State Department of Transportation:			
Highway Bridge Program (HBP)	20.205	03-5912R	4,498,400
Congestion Mitigation Air Quality (CMAQ)	20.205	CML-5912(098)	476,803
Highway Safety Improvement Program (HSIP)	20.205	03-5912R	70,840
Subtotal CFDA 20.205			<u>5,046,043</u>
Passed County of Yuba JPA :			
Highway Bridge Program (HBP- Honcut Creek Bridge)	20.205	03-5912R	<u>225,760</u>
Passed through CA Office of Traffic Safety:			
State and Community Highway Safety	20.600	OP1306	17,599
High Intensity DUI Enforcement	20.608	AL1380	43,591
National Priority Safety Programs	20.616	OP1407	57,672
Subtotal CA Office of Traffic Safety			<u>118,862</u>
Total U.S. Department of Transportation			<u>\$ 5,390,665</u>
<u>U.S. Department of Museum & Library Services</u>			
Passed through California State Library			
Library Services and Technology Act	45.310	--	<u>51,403</u>
Total Dept of Museum & Library Services			<u>\$ 51,403</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF BUTTE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Education</u>			
Direct Program:			
Literacy for Everyone (LIFE)	84.215	--	\$ 12,316
Total U.S. Department of Education			\$ 12,316
<u>U.S. Election Assistance Commission</u>			
Passed through California Secretary of State:			
Help America Vote Act	90.401	--	21,484
Total U.S. Election Assistance Commission			\$ 21,484
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Substance Abuse and Mental Health Services Administration (SAMHSA)	93.243	--	485,971
Runaway and Homeless Youth (RHYA)	93.623	--	145,196
Subtotal U.S. Department of Health and Human Services (Direct)			631,167
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families - CalWorks	93.558	--	5,552,375
Temporary Assistance for Needy Families - CEC Programs Admin CalWorks	93.558	--	12,610,123
Child Welfare Services TANF Admin	93.558	--	478,828
ISAWS/C-IV Conversion	93.558	--	16,393
Subtotal CFDA 93.558			18,657,719
Foster Care – Title IV-B - Child Welfare Services	93.645	--	205,727
PSSF Admin (Includes PSSF Monthly Caseworker visits)	93.556	--	199,487
ISAWS/C-IV Conversion	93.658	--	76
ARRA - Foster Care & Title IV-E - Administration	93.658	ARRA	449,781
Foster Care – Title IV-E - Foster Care	93.658	--	206,302
Foster Care – Title IV-E - Child Welfare Services	93.658	--	3,331,881
Foster Care – Title IV-E - Foster Care Licensing	93.658	--	25,468
Foster Care - AB 2129	93.658	--	33,502
SA/HIV Infant Admin	93.658	--	38,308
Foster Care - Monthly Visited Group Homes	93.658	--	15,999
Foster Care - Kinship/Emergency	93.658	--	9,584
Foster Care – Title IV-E - Foster Care SB 163	93.658	--	47,728
Foster Care -- SB 163 Assistance	93.658	--	141,396
Foster Care – Title IV-E - Foster Care Assistance (42)	93.658	--	3,137,111
Foster Care – Title IV-E - Foster Care EA (5K)	93.658	--	422,120
Subtotal CFDA 93.658			7,859,256
Adoption Assistance Program:			
Adoption Assistance Program - Adoptions	93.659	--	6,037,859
Adoption Assistance Program - Admin	93.659	--	96,526
Adoption Assistance Program - Adoptions - Co.	93.659	--	570,901
ARRA - Adoption Assistance Program - Assistance	93.659	ARRA	(124)
Subtotal CFDA 93.659			6,705,162

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF BUTTE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Health and Human Services (continued)			
Passed through State Department of Social Services (continued):			
Social Services Block Grants:			
In Home Supportive Services (IHSS) - PSCP - Individual Provider	93.667	--	\$ 915,409
Child Welfare Services Title XX Admin	93.667	--	687,539
CalWorks Single XX	93.667	--	606,015
Subtotal CFDA 93.667			<u>2,208,963</u>
 Kin-GAP Title IV-E Admin	 93.090	 --	 15,265
OCAP / Community Based Child Abuse Prevention	93.569	--	16,420
Independent Living	93.674	--	174,883
Subtotal			<u>206,568</u>
 Subtotal State Department of Social Services			 <u>36,042,882</u>
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563	--	<u>4,437,726</u>
Passed through CA Dept of Public Health:			
CDC - National Bioterrorism Hospital Preparedness, Public Health Emergency Preparedness & Pandemic Flu	93.074	EPO 13-05	355,700
Family Planning Services	93.217	2900-5320-71209-14	107,211
MCAH-CA Home Visiting Program	93.505	--	472,780
Medical Assistance Program (LEAD)-Title XIX	93.778	11-10308	74,780
CDC Aids Surveillance	93.944	13-20121	36,018
Immunization Grants (IAP)	93.268	13-20287	63,123
Maternal and Child Health Services (MCAH)- Title V	93.994	--	91,494
Subtotal CA Department of Public Health			<u>1,201,106</u>
Passed through CA Dept of Health Care Services:			
TB Real Time Allocation (CDC)	93.116	--	13,827
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	81,703
ARRA - State Grants to Promote Health Information Technology (HER)	93.719	ARRA	21,250
CCS Admin - Title XXI	93.767	--	53,025
Medical Assistance Program (MH-MEDI-CAL ADMIN)	93.778	12-89356	1,133,982
Medical Assistance Program (Social Services Admin)	93.778	--	4,964,628
Medical Assistance Program (CHDP) - TITLE XIX	93.778	--	256,011
Medical Assistance Program (HCPCFC)-TITLE XIX	93.778	--	141,273
Medical Assistance Program (CCS)-TITLE XIX	93.778	--	394,965
HRSA Aids Early Intervention Program	93.917	13-20047	136,541
Block Grants for Community Mental Health Services (SAMHSA)	93.958	--	357,249
Subtotal			<u>7,554,454</u>
 Block Grants for Prevention and Treatment of Substance Abuse	 93.959	 12-89218 A01	 798,899
Block Grants for Prevention and Treatment of Substance Abuse - Friday Night Live (FNL)	93.959	12-89218 A01	6,000
Block Grants for Prevention and Treatment of Substance Abuse Previous Set-Aside	93.959	12-89218 A01	317,098
Block Grants for Prevention and Treatment of Substance Abuse HIV Set-Aside	93.959	12-89218 A01	6,357
 Block Grants for Prevention and Treatment of Substance Abuse Perinatal Set-Aside	 93.959	 12-89218 A01	 376,996
Occupational Health and Surveillance Fatality Assessment and Control Evaluation	93.959	12-89218 A01	20,657
Subtotal CFDA 93.959			<u>1,526,006</u>
 Total U.S. Department of Health and Human Services			 \$ 51,393,341

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF BUTTE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>Social Security Administration</u>			
Direct Program:			
Social Security Reporting Program	96.002	--	\$ 54,600
Total Social Security Administration			\$ 54,600
<u>U.S. Department of Homeland Security</u>			
Passed through State Emergency Management Agency:			
Emergency Management Performance Grants (2012)	97.042	2012-0027	26,515
Emergency Management Performance Grants (2013)	97.042	2013-0047	106,418
State Homeland Security Program (SHSP) (2011)	97.067	2011-SS-0077	17,611
State Homeland Security Program (SHSP) (2012)	97.067	2012-123	69,192
State Homeland Security Program (SHSP) (2013)	97.067	2013-110	84,604
Total U.S. Department of Homeland Security			\$ 304,340
Total Expenditures of Federal Awards			\$ 66,415,858

See accompanying notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF BUTTE

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Butte. The County of Butte's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is prepared on a modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

NOTE 4: SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Butte provided federal awards to subrecipients as follows:

<u>Federal CFDA #</u>	<u>Program</u>	<u>Amount</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 15,691
10.567	Supplemental Nutrition Assistance Program	234,753
14.228	Microenterprise Business Incubation Program	112,255
14.228	Housing Rehabilitation Loan Program	117,854
16.710	Methamphetamine Initiative Grant	60,578
93.505	MCAH Home Visiting	414,613
97.067	State Homeland Security Program	45,783
		<u>\$ 1,001,527</u>

COUNTY OF BUTTE

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

NOTE 5: LOANS RECEIVABLE WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2014 as follows:

Federal CFDA #	Program Title	Outstanding Loans	Loans with Continuing Compliance Requirements	New Loans
14.228	Community Development Block Grant	\$ 3,479,619	\$ 3,826,460	\$ 491,059

NOTE 6: OUTSTANDING LOAN PAYABLE OF FEDERAL FUNDS

The following schedule presents the amount of an outstanding loan of federal funds. The loan was provided by the USDA Rural Housing Service:

Federal CFDA #	Program Title	Amount Outstanding
10.766	Community Facilities Loans and Grants	\$ 1,007,333

NOTE 7: PROGRAM CLUSTERS

Federal programs, which must be audited together as a program cluster, include the following:

JAG PROGRAM CLUSTER

16.738	Edward Byrne Memorial Justice Assistance	\$ 190,951
16.738	Anti-Drug Abuse (ADA) Enforcement Program	<u>26,304</u>
		<u><u>\$ 217,255</u></u>

NOTE 8: PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards 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.

COUNTY OF BUTTE

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

NOTE 9: TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under the one CFDA number. Occasionally, however, the total could not be conveniently displayed because all programs under one CFDA were not contiguous. When this occurred this total is not shown on the schedule, but instead provided here.

10.025	\$	51,194
10.664		62,373
20.205		5,271,802
93.778		6,965,639
97.042		132,933
97.067		153,796

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COUNTY OF BUTTE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

- | | |
|--------|---|
| 10.561 | Supplemental Nutrition Assistance |
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | Child Support Enforcement |
| 93.658 | Foster Care Services |
| 93.659 | Adoptions Assistance |
| 93.667 | Social Services Block Grant |
| 93.778 | Medical Assistance Program |

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,092,538 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

None Reported.

COUNTY OF BUTTE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.658
CFDA 93.778
CFDA 93.778
CFDA 93.778

Finding 2014-001
Finding 2014-002
Finding 2014-003
Finding 2014-004

COUNTY OF BUTTE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2014

Reference Number	2014-001
Federal Program Title	Foster Care
CFDA Number	93.658
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	Department of Social Services
Compliance Requirement	Eligibility

Criteria

A judicial determination regarding reasonable efforts to finalize the permanency plan must be made within 12 months of the date on which the child is considered to have entered foster care and at least once every 12 months thereafter while the child is in foster care. (45 CFR section 1356.21(b)(2)).

Condition

During review, we noted one case in which the permanency plan was not performed within the 12 month period.

Questioned Costs

No questioned cost were identified.

Cause

Incomplete implementation of the eligibility requirement.

Effect of the Condition

Failing to complete the permanency plan at least annually can lead to improper issuance of benefit payments due to ineligibility of the client.

Recommendation

We recommend the Department review its policies and procedures for eligibility workers regarding completion of annual permanency plans, to confirm they are appropriate and properly implemented to ensure the eligibility requirement is met.

Corrective Action Plan

We concur with the recommendation. Internal policies and procedures for eligibility workers will be collaboratively reviewed and strengthened by Auditor-Controller staff and Program Management staff in order to mitigate future failures.

COUNTY OF BUTTE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Reference Number	2014-002
Federal Program Title	Medical Assistance Program
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	Department of Health Care Services
Compliance Requirement	Eligibility

Criteria

The State or its designee shall: Accept an application submitted online, by telephone, via mail, or in person and include in each applicant's case records facts to support the agency's decision on the application (42 USC 1320b-7(d); 42 CFR sections 435.907 and 435.913).

Condition

During our review, we noted one case in which the redetermination was not performed within the 12 month period.

Questioned Costs

No costs were questioned.

Cause

The department was unable to provide the redetermination for the case noted.

Effect of the Condition

Failure to obtain the redetermination could result in incorrect eligibility status for individuals on the case, leading to incorrect benefit payments.

Recommendation

We recommend that the Department review its policies and procedures to ensure all cases return redeterminations as required or are discontinued from the program.

Corrective Action Plan

We concur with the recommendation. Internal policies and procedures for eligibility workers will be collaboratively reviewed and strengthened by Auditor-Controller staff and Program Management staff in order to mitigate future failures.

COUNTY OF BUTTE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Reference Number 2014-003
Federal Program Title Medical Assistance Program
CFDA Number 93.778
Federal Agency U.S. Department of Health and Human Services
Pass Through Entity Department of Health Care Services
Compliance Requirement Eligibility

Criteria

There are specific requirements that must be followed to ensure that individuals meet the financial and non-financial requirements for Medicaid. These include that the State or its designee shall: Accept an application submitted...and include in each applicant's case records facts to support the agency's decision on the application (42 USC 1320b-7(d); 42 CFR sections 435.907 and 435,813,

Condition

During our review, we noted one case in which income was supported by imaged documents in ImageNow, however the income was not reflected in the C-IV eligibility system.

Questioned Costs

No costs were questioned.

Cause

The Department had supporting documentation for income, however, it was not properly recorded into the case records.

Effect of the Condition

Failure to properly record individual's income in the applicant's case records can lead to improper determination of eligibility and issuance of benefits.

Recommendation

We recommend that Department review its policies and procedures regarding case file documentation and review, to confirm they are appropriate so as to ensure case file information is appropriately maintained and reviewed by program managers.

Corrective Action Plan

We concur with the recommendation. Internal policies and procedures for eligibility workers will be collaboratively reviewed and strengthened by Auditor-Controller staff and Program Management staff in order to mitigate future failures.

COUNTY OF BUTTE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Reference Number 2014-004
Federal Program Title Medical Assistance Program
CFDA Number 93.778
Federal Agency U.S. Department of Health and Human Services
Pass Through Entity Department of Health Care Services
Compliance Requirement Allowable Costs

Criteria

Awards under the Medical Assistance Program (CFDA 93.778) are subject to the HHS implementation of the A-102 Common Rule, 45 CFR part 92. This program also is subject to requirements of 45 CFR part 95 and the cost principles under Office of Management and Budget Circular A-87 (2 CFR part 225).

Condition

During our review, we noted that the spreadsheet used to prepare the quarterly billings included cumulative costs for certain allocated costs in the second, third and fourth quarters instead of the respective quarterly amounts.

Questioned Costs

Total questioned costs for second and third quarter were \$197,041. We compared the actual quarterly charges to the amounts invoiced to arrive at the overstatement of claimed expenses.

Cause

The spreadsheet included an incorrect formula reference to cumulative totals instead of respective quarterly total amounts.

Effect of the Condition

Inadequate review of claims submitted for reimbursement can lead to understatement or overstatement of claimed expenses.

Recommendation

We recommend that Department review its policies and procedures regarding medical claims review, to ensure medical claims are properly reviewed to allow identification of errors prior to submission for reimbursement.

Corrective Action Plan

We concur with the recommendation. Internal policies and procedures for quarterly billings will be collaboratively reviewed and strengthened by Auditor-Controller staff and Program Management staff order to mitigate future failures.

COUNTY OF BUTTE

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014

Reference Number 2013-1
Federal Program Title Temporary Assistance for Needy Families
CFDA Number 93.558
Federal Agency U.S. Department of Health and Human Services
Pass Through Entity Department of Social Services
Compliance Requirement Eligibility

Recommendation

We recommend that the County review its internal control system of ensuring that each adult individual, who must participate in WTW is properly documented. If any improvement in the design or operation of internal controls is warranted, the improvement should be implemented.

Status

Implemented

Reference Number 2013-2
Federal Program Title Medical Assistance Program
CFDA Number 93.778
Federal Agency U.S. Department of Health and Human Services
Pass Through Entity Department of Social Services
Compliance Requirement Eligibility

Recommendation

We recommend that the review process be implemented to ensure that the required annual redeterminations for the Medi-Cal Assistance Program are conducted. If necessary, we recommend that the County assign more personnel resources to performing redeterminations.

Status

Partially Implemented