

COUNTY OF BUTTE
SINGLE AUDIT REPORT
JUNE 30, 2015

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COUNTY OF BUTTE

Single Audit Report
For the Year Ended June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 6, 2016.

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". The signature is written in black ink and is positioned above the printed text of the firm's name and location.

Roseville, California
January 6, 2016

**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, 2015. 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance finding 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 item 2015-001 that we consider to be significant deficiencies.

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, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2015, and have issued our report thereon dated January 6, 2016 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 3, 2016, except for
the Schedule of Expenditures
of Federal Awards as to which
the date is January 6, 2016

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COUNTY OF BUTTE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct Via U.S. Forestry Service:			
Cooperative Law Enforcement - Lassen US Forest	10.664	11-LE-11051360-205	\$ 7,000
Cooperative Law Enforcement - Plumas US Forest	10.664	11-LE-11051360-207	7,000
Cooperative Law Enforcement - Marijuana Eradication - Plumas, Tahoe & Lassen National Forests	10.664	11-LE-11051360-207	26,000
Subtotal Direct			<u>40,000</u>
Passed through California Department of Forestry & Fire Protection:			
Volunteer Fire Assistance Program (VFA)	10.664	7FG14010	<u>19,979</u>
Passed through CA Department of Food & Agriculture:			
Plant and Animal Disease, Pest Control and Animal Care -- Pierce's Disease/Glassy-Winged Sharpshooter (GWSS)	10.025	14-0357-SF	55,239
Plant and Animal Disease, Pest Control and Animal Care -- Asian Citrus Psyllid (ACP)	10.025	10-8520-1211-CA	4,132
USFS State & Private Forestry - Broom Eradication	10.680	14-0508-SF	16,271
USFS State & Private Forestry - Skeleton Weed Eradication	10.680	13-0344-SF	4,343
Subtotal CA Department of Food & Agriculture			<u>79,985</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	--	5,691,562
ISAWS/C-IV Conversion	10.561	--	51,957
Subtotal State Department of Social Services			<u>5,743,519</u>
Passed through State Department of Education:			
National School Lunch Program	10.555	--	<u>59,155</u>
Passed through CA Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10435 & 14-10223	1,211,850
Supplemental Nutrition Assistance Program (PH - SNAP Ed)	10.561	13-20489	658,578
Subtotal CA Department of Public Health			<u>1,870,428</u>
Total U.S. Department of Agriculture			<u>\$ 7,813,066</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
HUD Housing grants	14.267	--	<u>106,196</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	10-DRI-6785	3,231,897
Community Development Block Grant/State's Program	14.228	12-CDBG-8374	36,532
Community Development Block Grant/State's Program	14.228	12-CDBG-9888	13,916
Subtotal CFDA 14.228			<u>3,282,345</u>
Home Investment Partnerships Program - Housing Rehab	14.239	13-HOME-8994	<u>92,428</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 3,480,969</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, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of the Interior</u>			
Direct Program:			
Fish and Wildlife Management Assistance	15.608	--	\$ 25,963
Total U.S. Department of the Interior			\$ 25,963
<u>U.S. Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program (SCAAP)	16.606	2014-AP-BX-0809	27,017
Public Safety Partnership and Community Policing Grants - Methamphetamine Initiative Grant	16.710	2010-CK-WX-0444	110,426
Subtotal Direct			<u>137,443</u>
Passed through California Office of Emergency Services:			
Victim/Witness Assistance Recovery Act (VAWA)	16.588	PU13 01 0040 & PU14 02 0040	110,086
Passed through Department of Drug Enforcement Agency:			
Organized Crime Drug Enforcement Task Forces (OCDETF)	16.111	PA-CAE-0392 & PA- CAE-0414 DDP-D-DSF-25944 / 2041-10	136,246
Passed through California Emergency Management Agency:			
Crime Victim Assistance - Victim Witness Protection (VOCA)	16.575	VW14040040	86,012
Passed through State of California Board of State & Community Corrections:			
Edward Byrne Memorial Justice Assistance (JAG)	16.738	BSCC 666-13	51,493
Edward Byrne Memorial Justice Assistance -- Anti-Drug Abuse (ADA) Enforcement Program	16.738	BSCC 651-13	130,663
Subtotal CFDA 16.738			<u>182,156</u>
Passed through U.S. Marshal's Office:			
Federal Equitable Sharing	16.922	--	16,447
Total U.S. Department of Justice			\$ 668,390
<u>U.S. Department of Transportation</u>			
Passed through CA State Department of Transportation:			
Highway Bridge Program (HBP)	20.205	03-5912R	1,507,597
Congestion Mitigation Air Quality (CMAQ)	20.205	03-5912R / CML- 5912(098)	65,645
Transportation Enhancement (TE)	20.205	03-5912R	10,000
Highway Safety Improvement Program (HSIP)	20.205	03-5912R	545,943
Subtotal CFDA 20.205			<u>2,129,185</u>
Passed through CA Office of Traffic Safety:			
High Intensity DUI Enforcement	20.608	AL1380	121,513
National Priority Safety Programs	20.616	OP1407 & OP1501	87,100
Subtotal CA Office of Traffic Safety			<u>208,613</u>
Total U.S. Department of Transportation			\$ 2,337,798

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, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Museum & Library Services</u>			
Passed through California State Library Library Services and Technology Act	45.310	--	\$ 54,500
Total Dept of Museum & Library Services			\$ 54,500
<u>U.S. Election Assistance Commission</u>			
Passed through California Secretary of State: Help America Vote Act	90.401	11G30131	280,603
Total U.S. Election Assistance Commission			\$ 280,603
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Substance Abuse and Mental Health Services Administration (SAMHSA)	93.243	--	131,473
Basic Center Grant - Runaway and Homeless Youth (RHYA)	93.623	--	35,985
Subtotal U.S. Department of Health and Human Services (Direct)			167,458
Passed through National Assn of County and City Health Officials: National Assn of County and City Health Officials (NACCHO)	93.424	2014-102703	14,000
Passed through California Secretary of State: Voting Access for Individuals with Disabilities Grants to States	93.617	12G26103	4,872
Passed through California Family Health Council: Family Planning Services	93.217	2900-5320-71209-14 & 15	100,748
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families - CalWorks	93.558	--	7,094,165
Temporary Assistance for Needy Families - CEC Programs Admin CalWorks	93.558	--	13,657,798
Child Welfare Services TANF Admin	93.558	--	631,971
ISAWS/C-IV Conversion	93.558	--	27,516
Subtotal CFDA 93.558			21,411,450
Foster Care – Title IV-B - Child Welfare Services	93.645	--	955,307
PSSF Admin (Includes PSSF Monthly Caseworker visits)	93.556	--	213,806
ISAWS/C-IV Conversion	93.658	--	121
Foster Care & Title IV-E - Administration	93.658	--	473,923
Foster Care – Title IV-E - Foster Care	93.658	--	174,051
Foster Care – Title IV-E - Child Welfare Services	93.658	--	3,386,810
Foster Care – Title IV-E - Foster Care Licensing	93.658	--	27,302
Foster Care - AB 2129	93.658	--	52,999
CSEC	93.658		370
CWS Case Review	93.658		410
SA/HIV Infant Admin	93.658	--	14,712
Foster Care - Monthly Visited Group Homes	93.658	--	7,901
Foster Care - Kinship/Emergency	93.658	--	6,984
Foster Care – Title IV-E - Foster Care SB 163	93.658	--	43,908
Foster Care – Title IV-E - Foster Care Assistance (42)	93.658	--	\$ 3,254,130
Foster Care – Title IV-E - Foster Care EA (5K)	93.658	--	739,651
Subtotal CFDA 93.658			8,183,272

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, 2015

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):			
Adoption Assistance Program:			
Adoption Assistance Program - Refugee Assistance	93.566	--	\$ 903
Adoption Assistance Program - Adoptions	93.659	--	6,555,704
Adoption Assistance Program - Admin	93.659	--	93,401
Adoption Assistance Program - Adoptions - Co.	93.659	--	718,284
Subtotal CFDA 93.659			<u>7,367,389</u>
Social Services Block Grants:			
In Home Supportive Services (IHSS) - PSCP - Individual Provider	93.667	--	942,098
Licensing Title XX	93.667	--	8,967
Child Welfare Services Title XX Admin	93.667	--	515,655
CalWorks Single XX	93.667	--	359,703
Subtotal CFDA 93.667			<u>1,826,423</u>
Kin-GAP Title IV-E Admin	93.090	--	1,955
OCAP / Community Based Child Abuse Prevention	93.569	--	15,728
Independent Living	93.674	--	278,897
Subtotal			<u>296,580</u>
Subtotal State Department of Social Services			<u>40,255,130</u>
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563	--	<u>4,608,443</u>
Passed through CA Dept of Public Health:			
CDC - National Bioterrorism Hospital Preparedness, Public Health Emergency Preparedness & Pandemic Flu	93.074	14-10494 A01	389,018
TB Real Time Allocation (CDC)	93.116	--	20,904
Immunization Grants (IAP)	93.268	13-20287	62,718
MCAH-CA Home Visiting Program	93.505	--	500,985
Medical Assistance Program (LEAD)-Title XIX	93.778	14-10041	38,172
MCAH Title XIX	93.778	--	3,919
HIV Care (HRSA)	93.917	13-20047	130,053
HIV / Aids Surveillance (CDC)	93.944	13-20121	35,627
Maternal and Child Health Services (MCAH)- Title V	93.994	--	117,167
Subtotal CA Department of Public Health			<u>1,298,563</u>
Passed through CA Dept of Health Care Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	82,296
ARRA - State Grants to Promote Health Information Technology (HER)	93.719	ARRA	212,500
CCS Admin - Title XXI	93.767	--	57,125
Medical Assistance Program (MH-MEDI-CAL ADMIN)	93.778	12-89356	1,174,412
Medical Assistance Program (Social Services Admin)	93.778	--	5,252,084
Medical Assistance Program (CHDP) - TITLE XIX	93.778	--	203,863
Medical Assistance Program (HCPFC)-TITLE XIX	93.778	--	130,459
Medical Assistance Program (CCS)-TITLE XIX	93.778	--	420,100
Block Grants for Community Mental Health Services (SAMHSA)	93.958	3B09SM010005-14S3	410,613
Subtotal CA Dept of Health Care Services			<u>7,943,452</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, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u> (continued)			
Passed through CA Dept of Health Care Services (continued):			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	14-90050	\$ 816,667
Block Grants for Prevention and Treatment of Substance Abuse - Friday Night Live (FNL)	93.959	14-90050	6,000
Block Grants for Prevention and Treatment of Substance Abuse Previous Set-Aside	93.959	14-90050	321,449
Block Grants for Prevention and Treatment of Substance Abuse Perinatal Set-Aside	93.959	14-90050	377,361
Subtotal CFDA 93.959			<u>1,521,477</u>
Total U.S. Department of Health and Human Services			<u>\$ 55,914,143</u>
<u>Social Security Administration</u>			
Direct Program:			
Social Security Reporting Program	96.002	--	\$ 48,000
Total Social Security Administration			<u>\$ 48,000</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	--	176,386
Passed through CA Dept of Parks & Recreation (DBAW):			
Boating Safety Financial Assistance	97.012	--	79,964
Passed through State Emergency Management Agency:			
Emergency Management Performance Grants (EMPG) (2014)	97.042	2014-070	100,598
State Homeland Security Grant Program (HSGP) (2014)	97.067	2014-093	70,623
State Homeland Security Grant Program (HSGP) (2013)	97.067	2013-110	97,737
Total U.S. Department of Homeland Security			<u>\$ 525,308</u>
Total Expenditures of Federal Awards			<u>\$ 71,148,740</u>

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, 2015

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:

Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 15,307
Supplemental Nutrition Assistance Program (PH-SNAP Ed)	265,480
CDBG- Microenterprise Technical Assistance	34,744
CDBG - Disaster Recovery Initiative	306,701
HIPP - Housing Rehabilitation	9,530
MCAH-CA Home Visiting Program	477,902
State Homeland Security Grant Program (HSGP) (2013)	775
Emergency Management Performance Grants (EMPG) (2014)	<u>1,683</u>
	<u>\$ 1,112,122</u>

COUNTY OF BUTTE

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

NOTE 5: LOANS RECEIVABLE WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2015 as follows:

Federal CFDA #	Program Title	Outstanding Loans	Prior year Loans with Continuing Compliance Requirements	New Loans
14.228	Community Development Block Grant	\$ 4,676,239	\$ 4,434,322	\$ 2,151,324

NOTE 6: OUTSTANDING LOAN PAYABLE OF FEDERAL FUNDS

The following schedule presents the amount of outstanding loans of federal funds. The loans were provided by the USDA Rural Housing Service:

CFDA #	Program Title	Outstanding
10.766	Community Facilities Loans and Grants	\$ 4,796,195
10.766	Community Facilities Loans and Grants	994,333
		<u>\$ 5,790,528</u>

NOTE 7: 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.

NOTE 8: 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	\$ 59,371
10.561	6,402,097
10.680	20,614
10.664	59,979
93.778	7,223,009
97.067	168,360

COUNTY OF BUTTE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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

10.766
14.228

Community Facilities Loans and Grants
Community Development Block Grant/State's Program
Foster Care Services
Medical Assistance Program

93.658
93.778

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,477,106 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

Section 2

Financial Statement Findings

None Reported.

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.778

Finding 2015-001

COUNTY OF BUTTE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2015

Reference Number	2015-001
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

Every 12 months the County must redetermine the eligibility of Medi-Cal recipients with respect to circumstances that may change (e.g. income eligibility). The County must have procedures designed to ensure that recipients make timely and accurate reports of any changes in circumstances that may affect their eligibility. The County must promptly reassess eligibility when it receives information about changes in a recipient's circumstances that may affect his or her eligibility (42 CFR 435.916).

Condition

Of the 40 cases tested, the required yearly redetermination had not been performed in one case.

Questioned Costs

No costs are questioned because the State of California distributes all federal monies to pay for medical expenses. The County does not have access to this medical expense information.

Perspective

The error rate for the sample was $1 / 40 = 2.5\%$.

Effect of the Condition

Individuals who are no longer eligible for Medi-Cal Assistance might continue receiving this assistance if redeterminations are not conducted in a timely manner.

Recommendation

We recommend that a review process be implemented to ensure that the required annual redeterminations for the Medi-Cal Assistance Program are conducted.

Corrective Action Plan

We concur with the recommendation. The following steps have been implemented by the Department of Employment and Social Services to ensure that required annual redeterminations for Medi-Cal Assistance are done in a timely manner: (1.) Quality assurance performed on randomly selected Medi-Cal cases by QR analyst (2.) Overtime authorized to handle rising Medi-Cal caseload including redeterminations (3.) Development of custom productivity reports indicating staff efficiency trends. This new process is currently being developed and will enable department to adjust staff schedules and positions to better meet required timelines.

COUNTY OF BUTTE

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

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

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.

Status

Implemented

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

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.

Status

Partially implemented, see finding 2015-001.

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

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.

Status

Implemented

COUNTY OF BUTTE

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

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

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.

Status

Implemented