

COUNTY OF YOLO, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2015



Certified
Public
Accountants

COUNTY OF YOLO, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2015

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COUNTY OF YOLO, CALIFORNIA

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

<u>Federal Grantor</u>	Federal	Grantor's	Federal
Direct or Pass-Through Grantor	CFDA	Number	Expenditures
Federal Program Title or Cluster	Number		
<u>U.S. Department of Agriculture</u>			
Passed through State of California Department of Food and Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8506-0689-CA	\$ 4,625
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8506-1165-CA	109,670
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8506-0484-CA	13,669
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-8506-0484-CA	8,553
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8506-1164-CA	287
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-8506-1164-CA	664
Total Plant and Animal Disease, Pest Control, and Animal Care			<u>137,468</u>
Specialty Crop Block Grant Program - Farm Bill	10.170	SCB 12024	144,752
Technical Assistance for Specialty Crops Program	10.604	2013-37	1,104
Passed through State of California Department of Public Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10512/14-10300	1,470,505
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	13-20459	508,020
Passed through State of California Department of Social Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	<u>4,194,287</u>
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>4,702,307</u>
Passed through State of California Department of Education			
National School Lunch Program	10.555	Not Available	<u>47,322</u>
Total U.S Department of Agriculture			<u><u>6,503,458</u></u>
<u>U.S. Department of the Interior</u>			
Passed through State of California Controller's Office			
Distribution of Receipts to State and Local Governments	15.227	Not Available	<u>81</u>
Total U.S Department of the Interior			<u><u>81</u></u>
<u>U.S. Department of Justice</u>			
Direct Program			
State Criminal Alien Assistance Program	16.606	--	44,771
Second Chance Act Reentry Initiative	16.812	2010-RR-BX-K073	128,710
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0861	28,689
Passed through State of California Department of Corrections and Rehabilitation			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 631-13	34,764
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 631-14	119,240
Total Edward Byrne Memorial Justice Assistance Grant Program			<u><u>182,693</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

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

<u>Federal Grantor</u>	Federal	Grantor's	Federal
Direct or Pass-Through Grantor	CFDA	Number	Expenditures
Federal Program Title or Cluster	Number		
<u>U.S. Department of Justice (continued)</u>			
Passed through State of California Board of State and Community Corrections			
Juvenile Justice and Delinquency Prevention - Allocations to States	16.540	BSCC 363-13	\$ 30,000
Passed through State of California Emergency Management Agency			
Crime Victim Assistance	16.575	VW14320570	92,298
Passed through Yolo Empower, Inc.			
Crime Victim Assistance	16.575	AT14111034	67,918
Crime Victim Assistance	16.575	AT13101034	20,767
Total Crime Victim Assistance			<u>180,983</u>
Total U.S Department of Justice			<u>567,157</u>
<u>U.S. Department of Labor</u>			
Passed through State of California Department of Employment Development			
WIA/WIOA Adult Program	17.258	K594802	372,509
WIA/WIOA Adult Program	17.258	K491059	338,187
Total WIA/WIOA Adult Program			<u>710,696</u>
WIA/WIOA Youth Activities	17.259	K594802	231,509
WIA/WIOA Youth Activities	17.259	K491059	346,694
Total WIA/WIOA Youth Activities			<u>578,203</u>
WIA/WIOA Dislocated Worker Formula Grants	17.278	K594802	267,177
WIA/WIOA Dislocated Worker Formula Grants	17.278	K491059	317,585
Total WIA/WIOA Dislocated Worker Formula Grants			<u>584,762</u>
Total WIA Cluster			<u>1,873,661</u>
Total U.S Department of Labor			<u>1,873,661</u>
<u>U.S. Department of Transportation</u>			
Direct Program			
Airport Improvement Program	20.106	3-06-0342-014 2013	1,200
Airport Improvement Program	20.106	3-06-0342-015 2014	46,453
Airport Improvement Program	20.106	3-06-0342-016 2014	29,700
Total Airport Improvement Program			<u>77,353</u>
Passed through State of California Department of Transportation			
Highway Planning and Construction	20.205	STPL 5922 (047)	606,213
Highway Planning and Construction	20.205	BRLO 5922 (059)	5,087
Highway Planning and Construction	20.205	BRLO 5922 (066)	17,842
Highway Planning and Construction	20.205	BRLO 5922 (073)	50,043
Highway Planning and Construction	20.205	BRLO 5922 (074)	231,132
Highway Planning and Construction	20.205	BRLO 5922 (077)	104,680
Highway Planning and Construction	20.205	BRLO 5922 (078)	86,714

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

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

Federal Grantor	Federal	Grantor's	Federal
Direct or Pass-Through Grantor	CFDA	Number	Expenditures
Federal Program Title or Cluster	Number		
<u>U.S. Department of Transportation (continued)</u>			
Passed through State of California Department of Transportation (continued)			
Highway Planning and Construction	20.205	BPMP 5922 (090)	\$ 350,877
Highway Planning and Construction	20.205	HSPIL-5922(094)	157,298
Highway Planning and Construction	20.205	BRLO 5922 (095)	640,527
Highway Planning and Construction	20.205	BPMP-5922(097)	57,073
Highway Planning and Construction	20.205	BRLO 5922 (098)	15,974
Highway Planning and Construction	20.205	BRLO 5922 (099)	33,696
Highway Planning and Construction	20.205	STPL 5922 (101)	149,773
Highway Planning and Construction	20.205	STPL 5922 (102)	120,387
Total Highway Planning and Construction			<u>2,627,316</u>
National Priority Safety Programs	20.616	DI1511	119,580
National Priority Safety Programs	20.616	DI1407	53,690
Total National Priority Safety Programs			<u>173,270</u>
Passed through City of Davis			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1442	1,737
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1512	6,456
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>8,193</u>
Total U.S Department of Transportation			<u>2,886,132</u>
<u>Institute of Museum and Library Services</u>			
Passed through California State Library			
Grants to States	45.310	40-8486	<u>5,000</u>
Total Institute of Museum and Library Services			<u>5,000</u>
<u>U.S. Department of Education</u>			
Passed through Yolo County Office of Education			
Title I Grants to Local Educational Agencies	84.010	Not Available	<u>37,642</u>
Total U.S. Department of Education			<u>37,642</u>
<u>U.S. Department of Health and Human Services</u>			
Direct program			
Unaccompanied Alien Children Program	93.676	HHSP2332008290 7YB	1,288,542
Passed through State of California Department of Public Health			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	CDC-RFA-TP12-120102CONT13	382,753
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Not Available	8,053
Immunization Cooperative Agreements	93.268	13-20319	52,140
Maternal and Child Health Services Block Grant to the States	93.994	2014-57	157,411

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

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

Federal Grantor	Federal	Grantor's	Federal
Direct or Pass-Through Grantor	CFDA	Number	Expenditures
Federal Program Title or Cluster	Number		
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State of California Department of Health Care Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Not Available	\$ 31,356
Block Grants for Community Mental Health Services	93.958	Not Available	228,926
Block Grants for Prevention and Treatment of Substance Abuse	93.959	12-89225, A02/14-90116, A01	1,099,265
Passed through State of California Department of Social Services			
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges			
Promoting Safe and Stable Families	93.525	Not Available	15,134
Temporary Assistance for Needy Families	93.556	Not Available	124,975
Refugee and Entrant Assistance - State Administered Programs	93.558	Not Available	14,400,350
Community-Based Child Abuse Prevention Grants	93.566	Not Available	48,727
Stephanie Tubbs Jones Child Welfare Services Program	93.590	Not Available	15,530
Foster Care – Title IV-E	93.645	Not Available	127,863
Adoption Assistance	93.658	Not Available	3,250,050
Social Service Block Grant	93.659	Not Available	3,912,523
Chafee Foster Care Independence Program	93.667	Not Available	1,701,536
	93.674	Not Available	66,859
Passed through Public Health Institute			
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds			
	93.531	1U58DP003677-03	13,173
Passed through State of California Department of Child Support Services			
Child Support Enforcement	93.563	Not Available	3,857,415
Passed through State of California Department of Community Services and Development			
Community Services Block Grant	93.569	14F-3052 2014	166,316
Community Services Block Grant	93.569	15F-2052 2015	83,585
Total Community Services Block Grant			<u>249,901</u>
Passed through Yolo County Office of Education			
Head Start	93.600	Not Available	5,000
Passed through State of California Secretary of State			
Voting Access for Individuals with Disabilities - Grants to States	93.617	13G26138	3,000
Passed through State of California Department of Health Care Services (continued)			
Children's Health Insurance Program	93.767	Not Available	104,638
Passed through State of California Department of Social Services (continued)			
Children's Health Insurance Program	93.767	Not Available	<u>12,150</u>
Total Children's Health Insurance Program			<u>116,788</u>

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

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

<u>Federal Grantor</u>	Federal	Grantor's	Federal
Direct or Pass-Through Grantor	CFDA	Number	Expenditures
Federal Program Title or Cluster	Number		
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State of California Department of Health Care Services (continued)			
Medical Assistance Program	93.778	Not Available	\$ 5,603,325
Passed through State of California Department of Social Services (continued)			
Medical Assistance Program	93.778	Not Available	3,559,552
Passed through State of California Department of Veterans Affairs			
Medical Assistance Program	93.778	Not Available	2,285
Passed through State of California Department of Public Health (continued)			
Medical Assistance Program	93.778	Not Available	117,434
Total Medical Assistance Program			<u>9,282,596</u>
Total U.S. Department of Health and Human Services			<u>40,439,866</u>
<u>Social Security Administration</u>			
Direct Program			
Supplemental Security Income	96.006	--	<u>31,200</u>
Total Social Security Administration			<u>31,200</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State of California Natural Resources Agency			
Boating Safety Financial Assistance	97.012	C8957119	14,000
Passed through State of California Emergency Management Agency			
Emergency Management Performance Grants	97.042	2013-047	39,086
Emergency Management Performance Grants	97.042	2014-0070	<u>168,569</u>
Total Emergency Management Performance Grants			207,655
State Homeland Security Program (SHSP)	97.067	2011-77	64,935
State Homeland Security Program (SHSP)	97.067	2013-0110	241,270
State Homeland Security Program (SHSP)	97.067	2012-123	<u>67,718</u>
Total State Homeland Security Program (SHSP)			<u>373,923</u>
Total U.S. Department of Homeland Security			<u>595,578</u>
Total Expenditures of Federal Awards			<u>\$ 52,939,775</u>

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

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

Note A: **General**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal award programs of the County of Yolo, California (County) with the exception of Yolo County Housing, a discretely presented component unit, which expended \$13,443,430 in federal awards that were included in a separate Single Audit Report. The County 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 B: **Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except for programs recorded in the County's enterprise funds. The enterprise funds are presented using the accrual basis of accounting, which is also described in Note 1 to the County's basic financial statements.

Note C: **Relationship to Basic Financial Statements**

The amounts reported in the accompanying Schedule agree to or can be reconciled with amounts reported within the County's basic financial statements.

Note D: **Catalog of Federal Domestic Assistance (CFDA) Numbers**

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note E: **Pass-Through Grantor's Identifying Number**

The County has included in the Schedule under Grantor's Identifying Number the identifying numbers for pass-through grants when such information has been provided by the pass-through grantors. For pass-through grants that the County was not provided with such information by the pass-through grantors, the County has indicated the pass-through grantor's identifying numbers as "not available."

Note F: **Medical Assistance Program**

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program expenditures are excluded from the Schedule. These expenditures represent fees for services; therefore, neither is considered a federal award of the County for purposes of the Schedule or in determining major federal programs. The County assists the State of California (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 YOLO, CALIFORNIA

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

Note G: California Department of Corrections and Rehabilitation Grants

The following represents expenditures for the California Department of Corrections and Rehabilitation programs for the year ended June 30, 2015. The amounts reported in the Schedule are determined by calculating the federal portion of current year expenditures.

	Budget	Cumulative as of June 30, 2014	For the Year Ended June 30, 2015	Cumulative as of June 30, 2015
<u>BSCC 631-13 Anti-Drug Abuse</u>				
<u>Grant Period: 10/1/2013 to 9/30/2014</u>				
<u>Audit Period: 7/1/2014 to 6/30/2015</u>				
<u>CFDA#: 16.738</u>				
Salaries and benefits	\$ 107,634	\$ 80,726	\$ 26,908	\$ 107,634
Services and supplies	12,500	4,644	7,856	12,500
Totals	<u>\$ 120,134</u>	<u>\$ 85,370</u>	<u>\$ 34,764</u>	<u>\$ 120,134</u>

<u>BSCC 631-14 Restorative Justice Yolo County Neighborhood Court</u>				
<u>Grant Period: 3/1/2015 to 12/31/2015</u>				
<u>Audit Period: 7/1/2014 to 6/30/2015</u>				
<u>CFDA#: 16.738</u>				
Salaries and benefits	\$ 412,215	\$ -	\$ 70,021	\$ 70,021
Services and supplies	5,560	-	1,030	1,030
Professional services	112,092	-	4,335	4,335
CBO contracts	20,000	-	8,800	8,800
Fixed assets/equipment	48,234	-	35,021	35,021
Data collection/reporting and evaluation efforts	54,094	-	-	-
Other	3,000	-	33	33
Totals	<u>\$ 655,195</u>	<u>\$ -</u>	<u>\$ 119,240</u>	<u>\$ 119,240</u>

COUNTY OF YOLO, CALIFORNIA

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

Note H: Amounts Provided to Subrecipients

Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

CFDA No.	Program Title	Pass-Through Entity	Amount
93.558	Temporary Assistance for Needy Families	City of Davis	\$ 1,646,368
93.558	Temporary Assistance for Needy Families	Child Action	10,903
93.569	Community Services Block Grant	United Christian Centers	33,296
93.569	Community Services Block Grant	Yolo Wayfarer	48,807
93.569	Community Services Block Grant	Davis Community Meals	54,717
93.569	Community Services Block Grant	Food Bank of Yolo County	41,106
93.569	Community Services Block Grant	Janice Critchlow	2,500
17.259	WIA/WIOA Youth Activities	Rise Inc.	279,367
			<u>\$ 2,117,064</u>

Note I: Loan Programs

The programs listed below had the following aggregate, federally-funded loans receivable outstanding at June 30, 2015. Other than repayment of principal and interest, there is no continuing compliance requirements on these loans, and as such, are not reported on the Schedule.

CFDA No.	Program Title	Amount
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	<u>\$ 7,403,677</u>

COUNTY OF YOLO, CALIFORNIA

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

Note J: **Community Services Block Grants**

The following represents Community Services Block Grants expenditures of the California Department of Community Services and Development for the year ended June 30, 2015. The amounts are reported in the Schedule as CFDA No. 93.569.

Contract #14F-3052 2014 01/01/2014 - 03/31/2015	Budget	For the Year Ended June 30, 2014	For the Year Ended June 30, 2015	Cumulative as of June 30, 2015
Revenues				
Grant revenue	\$ 273,802	\$ 101,151	\$ 166,316	\$ 267,467
Expenditures				
Administrative Costs				
Salaries and wages	\$ 17,423	\$ 6,774	\$ 9,057	15,831
Fringe benefits	11,208	4,386	5,608	9,994
Operating expenses and equipment	625	625	-	625
Other costs	4,754	1,786	2,715	4,501
Subtotal Administrative Costs	<u>34,010</u>	<u>13,571</u>	<u>17,380</u>	<u>30,951</u>
Program Costs				
Salaries and wages	20,357	6,133	11,625	17,758
Fringe benefits	15,026	4,235	7,934	12,169
Sub-contractors	181,399	66,259	115,020	181,279
Other costs	23,010	10,953	14,357	25,310
Subtotal Program Costs	<u>239,792</u>	<u>87,580</u>	<u>148,936</u>	<u>236,516</u>
Total Expenditures	<u>\$ 273,802</u>	<u>\$ 101,151</u>	<u>\$ 166,316</u>	<u>\$ 267,467</u>
Contract #15F-2052 2015 01/01/2015 - 12/31/2015	Budget	For the Year Ended June 30, 2014	For the Year Ended June 30, 2015	Cumulative as of June 30, 2015
Revenues				
Grant revenue	\$ 276,257	\$ -	\$ 80,783	\$ 80,783
Expenditures				
Administrative Costs				
Salaries and wages	\$ 17,422	\$ -	\$ 1,608	\$ 1,608
Fringe benefits	11,200	-	1,003	1,003
Operating expenses and equipment	2,000	-	1,908	1,908
Other costs	6,867	-	515	515
Subtotal Administrative Costs	<u>37,489</u>	<u>-</u>	<u>5,034</u>	<u>5,034</u>
Program Costs				
Salaries and wages	20,358	-	2,652	2,652
Fringe benefits	12,860	-	1,610	1,610
Sub-contractors	162,927	-	65,407	65,407
Other costs	42,623	-	8,882	8,882
Subtotal Program Costs	<u>238,768</u>	<u>-</u>	<u>78,551</u>	<u>78,551</u>
Total Expenditures	<u>\$ 276,257</u>	<u>\$ -</u>	<u>\$ 83,585</u>	<u>\$ 83,585</u>



**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 Honorable Board of Supervisors
County of Yolo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yolo, California (County) 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 June 29, 2016. Our report includes a reference to other auditors who audited the financial statements of First 5 Yolo and Yolo County Housing, discretely presented component units, 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003 to be significant deficiencies.

Compliance and Other Matters

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

County's Response to Findings

The County's responses to the 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 the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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


Sacramento, California
June 29, 2016



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133**

To the Honorable Board of Supervisors
County of Yolo, California

Report on Compliance for Each Major Federal Program

We have audited the County of Yolo, California’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.

The County’s basic financial statements include the operations of Yolo County Housing, a discretely presented component unit, which expended \$13,443,430 in federal awards that are not included in the County’s schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, described below, did not include the operations of Yolo County Housing because it was audited by other auditors who performed an audit in accordance with OMB Circular A-133.

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.

Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in item 2015-005 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Medical Assistance Program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

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

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-005 to be a 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 2015-004 to be a significant deficiency.

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.

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 29, 2016, which contained unmodified opinions on those financial statements. We did not audit the financial statements of First 5 Yolo and Yolo County Housing, discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for First 5 Yolo and Yolo County Housing, are based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.



Sacramento, California
July 19, 2016

COUNTY OF YOLO, CALIFORNIA

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

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Type of auditor’s report issued on compliance for major federal programs:	
• CFDA Number 93.778 – Medical Assistance Program	Qualified
• Remaining major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
	WIA Cluster:
17.258	WIA/WIOA Adult Program
17.259	WIA/WIOA Youth Activities
17.278	WIA/WIOA Dislocated Worker Formula Grants
93.558	Temporary Assistance for Needy Families (TANF)
93.659	Adoption Assistance – Title IV-E
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,588,193
Auditee qualified as low-risk auditee?	No

COUNTY OF YOLO, CALIFORNIA

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

Section II – Financial Statement Findings

Reference Number: 2015-001
Type of Finding: Material Weakness – Unavailable Revenue

Criteria:

Under generally accepted accounting principles, specifically GASB Statement No. 65, revenue not received within the County’s availability period should be deferred as ‘unavailable revenue’ (a deferred inflow of resources) in the governmental funds.

Condition:

Mental Health Managed Care Fund revenue not received within the County’s 90-day availability period was improperly reported as ‘charges for services’ revenue in the governmental funds.

Context:

The misstatement accounted for 72% of the pre-adjusted ‘charges for services’ revenue balance and 4,301% of the pre-adjusted ‘unavailable revenue’ balance.

Effect:

As a result of this condition, a material audit adjustment reducing ‘charges for services’ revenue and increasing ‘unavailable revenue’ by \$2,537,371 was made to the Mental Health Managed Care Fund.

Cause:

County mental health fiscal staff did not follow closing instructions.

Recommendation:

The County Department of Financial Services (DFS) should improve its existing procedures by monitoring other County departments to ensure the other County departments are following DFS closing instructions and the County’s policies for reporting revenue not meeting the County period of availability in accordance with generally accepted accounting principles as a deferred inflow of resources in its governmental funds at year-end.

Management’s Response:

DFS accounting manager reviews year-end receivables to ensure revenues recognized are within the period of availability at year-end closing and will follow up with departments after September 30 each year to determine if there are any other adjustments required. For fiscal year 2015, the amount for the Mental Health Managed Care Fund was not known at the time of closing or at time of financial statements preparation.

COUNTY OF YOLO, CALIFORNIA

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

Reference Number: 2015-002
Type of Finding: Significant Deficiency – Timely Preparation and Issuance of the Annual Financial Statements

Criteria:

Financial reports are intended to meet the needs of decision makers, including the governing board, bondholders, federal and state oversight agencies, and constituents. Accordingly, *timeliness* was identified as one of the *characteristics of information in financial reporting* in GASB Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), *Objectives of Financial Reporting*. To accomplish this objective, financial reports must be available in time to inform decision making. Therefore, financial reports should be published as soon as possible after the end of the reporting period.

Sometimes the need for timeliness has to be balanced against the need for reliability, which also was identified as one of the *characteristics of information in financial reporting* identified in GASB Concepts Statement No. 1. While governments certainly should not sacrifice reliability for timeliness, minor gains in precision ought not to be purchased at the price of indefinite delay (e.g., accounting estimates).

Legislative deadlines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective. The same holds true for the submission deadlines used by various award programs such as the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

The additional cost of timelier financial reporting (e.g., additional staff and overtime) also needs to be considered.

Condition:

The County issued its Comprehensive Annual Financial Report (CAFR) approximately 12 months after the end of its fiscal year end.

Context:

The County's CAFR was issued on June 29, 2016, which was after the GFOA deadline of December 31, 2015.

Effect:

The CAFR was not available to meet the needs of decision makers, including the governing board, bondholders, federal and state oversight agencies, and constituents in a timely manner.

Cause:

The County was in the process of implementing a new financial and human resources system, thus limited resources were made available relating to the preparation of the County's CAFR.

Recommendation:

Management should establish a well-defined process for its annual financial reporting. The process and its key attributes (e.g., overall timing, methodology, communication with component units, segregation of duties, frequency of analyses and review by County management) should be formally documented, approved, and reviewed on a regular basis.

In addition, the County should involve more resources toward the preparation of its CAFR.

COUNTY OF YOLO, CALIFORNIA

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

Management's Response:

Accounting management and staff have been heavily involved in the implementation of a new financial and human resources system for the County. The new system went live November 1, 2015. The County has also recently hired two accountants to assist the accounting manager with year-end closing and CAFR preparation. In addition, the County purchased a CAFR preparation software, which will be implemented for the 2016 CAFR. The County has planned a schedule working with the auditors for the 2016 CAFR to achieve issuance timelines.

COUNTY OF YOLO, CALIFORNIA

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

Reference Number: 2015-003
Type of Finding: Significant Deficiency – Submission of Single Audit Report

Criteria:

Pursuant to Subpart C, Section .320(a) of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Condition:

As of the date of this report, the County is late with its submission of the single audit report.

Context:

The County's Single Audit Reporting Package was submitted to the Federal Audit Clearinghouse shortly after the Single Audit Report was issued on July 19, 2016, which was after the required deadline of March 31, 2016.

Effect:

The County exposes itself to the risk of granting agencies withholding funding pending the release of the single audit report or losing funding all together.

Cause:

The single audit report is to be issued subsequent to the County's CAFR. The County's CAFR was not issued until June 29, 2016, which caused the single audit report issuance to be delayed.

Recommendation:

The County should issue its CAFR in a more timely fashion (see finding 2015-002).

Management's Response:

Accounting management and staff have been heavily involved in the implementation of a new financial and human resources system for the County. The new system went live November 1, 2015. The County has also recently hired two accountants to assist the accounting manager with year-end closing and CAFR and single audit preparation. In addition, the County purchased a CAFR preparation software, which will be implemented for the 2016 CAFR. The County has planned a schedule working with the auditors for the 2016 audit to achieve issuance timelines.

COUNTY OF YOLO, CALIFORNIA

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

Section III – Federal Awards Findings and Questioned Costs

Reference Number: 2015-004
Type of Finding: Significant Deficiency
Federal Program Titles: Temporary Assistance for Needy Families and Medical Assistance Program
Federal Catalog Numbers: 93.558 and 93.778
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Agencies: California Department of Social Services and California Department of Health Care Services
Award Number and Year: Not Available, 2014-15
Category of Finding: Eligibility

Criteria:

OMB Circular A-133, Subpart C—Auditees, §.300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition:

The County was properly requesting the Income Eligibility Verification System (IEVS) reports on an annual basis, however County caseworkers were not completing an electronic signature indicating the IEVS reports were reviewed during the eligibility determination process. Other supporting documentation was reviewed indicating program participants were eligible to receive assistance.

Questioned Costs:

There are no questioned costs associated with this condition.

Context:

IEVS reports pertaining to 1 of the 25 Temporary Assistance for Needy Families program participants and 6 of the 25 Medical Assistance Program participants selected for testing were not electronically signed off indicating review.

Effect:

The County exposes itself for risk that program participants are not eligible to receive assistance.

Cause:

The County is aware of this requirement but is experiencing staff shortages, thus the signoff of the IEVS reports has been an oversight.

Recommendation:

The County should develop policies and procedures and provide staff training to ensure the IEVS reports are signed off indicating caseworker review.

Management Response and Corrective Action:

Caseworkers will be informed of the requirement to check IEVS on all future eligibility determinations. Supervisors will remind all staff of this requirement at upcoming team meetings. Supervisors will also be randomly reviewing 5 eligibility determinations per caseworker per month for IEVS compliance and completeness.

COUNTY OF YOLO, CALIFORNIA

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

Reference Number: 2015-005
Type of Finding: Material Weakness and Material Instance of Noncompliance
Federal Program Title: Medical Assistance Program
Federal Catalog Number: 93.778
Federal Agency: U.S Department of Health and Human Services
Pass-Through Agencies: California Department of Health Care Services and
California Department of Social Services
Award Number and Year: Not Available; 2014-15
Category of Finding: Eligibility

Criteria:

OMB Circular A-133, Subpart C—Auditees, §.300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

42 Code of Federal Regulations (CFR) §435.2 – PURPOSE AND APPLICABILITY

This part sets forth, for the 50 States, the District of Columbia, the Northern Mariana Islands, and American Samoa—

- (c) The eligibility requirements and procedures that the Medicaid agency must use in determining and redetermining eligibility, and requirements it may not use;

42 CFR §435.916 – PERIODIC RENEWAL OF MEDICAID ELIGIBILITY

- (a) *Renewal of individuals whose Medicaid eligibility is based on modified adjusted gross income methods (MAGI).* (1) Except as provided in paragraph (d) of this section, the eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months, and no more frequently than once every 12 months.
- (b) *Redetermination of individuals whose Medicaid eligibility is determined on a basis other than modified adjusted gross income.* The agency must redetermine the eligibility of Medicaid beneficiaries excepted from modified adjusted gross income under §435.603(j) of this part, for circumstances that may change, at least every 12 months. The agency must make a redetermination of eligibility in accordance with the provisions of paragraph (a)(2) of this section, if sufficient information is available to do so. The agency may adopt the procedures described at §435.916(a)(3) for individuals whose eligibility cannot be renewed in accordance with paragraph (a)(2) of this section.

Condition:

Many of the Medical Assistance Program recipient redetermination of eligibility were completed more than 12 months after their previous redetermination, had not been completed within the previous 12 months, or the documentation of the initial eligibility assessment was incomplete.

Questioned Costs:

There are no questioned costs associated with this condition.

Context:

3 out of 5 In-Home Supportive Services (IHSS) program cases tested did not have a redetermination of eligibility performed within the required time frame. Of the 25 Medical program cases tested, 5 had not had a redetermination of eligibility within the required time frame and/or did not have evidence of the initial determination of eligibility.

COUNTY OF YOLO, CALIFORNIA

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

Effect:

The County is not in compliance with eligibility requirements, which can result in ineligible participants receiving benefits.

Cause:

The County is aware of this requirement but is experiencing staff shortages, thus has not been able to complete the required eligibility redeterminations in a timely manner or to follow established policies for document retention.

Recommendation:

The County should develop and/or hire the resources necessary so that established policies and procedures are operating as designed.

Management Response and Corrective Action:

Caseworkers will be informed of the annual reassessment requirements. Supervisors will remind all staff of the requirements at upcoming team meetings. Supervisors will also be randomly reviewing 5 reassessments per caseworker per month for completeness.

Although we have made great strides in meeting the annual reassessment requirement for all IHSS recipients, staffing deficits have played a major obstacle in meeting this goal. During this current fiscal year, we have hired 4 staff and will hire an additional 2 staff before the year is over. The Yolo County Health and Human Services Agency acknowledges the importance of timely IHSS reassessments and continues to make this a high priority. Over the past few fiscal years we have seen significant increases in our reassessment compliance rate and we are confident our efforts will continue to be successful in the next year.

COUNTY OF YOLO, CALIFORNIA

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

Financial Statement Findings

Reference Number: 2014-001

Due to Other Governments

Criteria:

Under generally accepted accounting principles, the County should ensure proper year-end reporting of account balances.

Condition:

The County's Mental Health Managed Care Fund 'due to other governments' was overstated and 'charges for services' revenue was understated by \$1,707,616.

Context:

The misstatement accounted for 28% of the pre-adjusted 'due to other governments' balance and 60% of the pre-adjusted 'charges for services' revenue balance.

Effect:

As a result of this condition a material audit adjustment debiting 'due to other governments' and crediting 'charges for services' revenue was made to the Mental Health Managed Care Fund.

Cause:

The County neglected to update the amount due to other governments to reflect a final settlement received from the state after year-end that had approved County expenditures in excess of what the County had estimated.

Recommendation:

The County should improve its year-end close procedures to ensure that information obtained after year-end and prior to the issuance of its financial statements that has a material impact on its financial statements gets reflected in its financial statements.

Management's Response:

County Controller staff will continue to reinforce year-end procedures by engaging all department fiscal staff more actively through meetings and workshops.

Status:

No audit adjustment to 'due to other governments' was necessary for the year ended June 30, 2015, therefore this recommendation is considered implemented.

COUNTY OF YOLO, CALIFORNIA

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

Reference Number: 2014-002

Timely Preparation and Issuance of the Annual Financial Statements

Criteria:

Financial reports are intended to meet the needs of decision makers, including the governing board, bondholders, federal and state oversight agencies, and constituents. Accordingly, *timeliness* was identified as one of the *characteristics of information in financial reporting* in GASB Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), *Objectives of Financial Reporting*. To accomplish this objective, financial reports must be available in time to inform decision making. Therefore, financial reports should be published as soon as possible after the end of the reporting period.

Sometimes the need for timeliness has to be balanced against the need for reliability, which also was identified as one of the *characteristics of information in financial reporting* identified in GASB Concepts Statement No. 1. While governments certainly should not sacrifice reliability for timeliness, minor gains in precision ought not to be purchased at the price of indefinite delay (e.g., accounting estimates).

Legislative deadlines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective. The same holds true for the submission deadlines used by various award programs such as the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

The additional cost of timelier financial reporting (e.g., additional staff and overtime) also needs to be considered.

Condition:

The County issued its Comprehensive Annual Financial Report (CAFR) more than 9 months after the end of its fiscal year end.

Context:

The County's CAFR was issued on May 13, 2015, which was after the GFOA deadline of December 31, 2014.

Effect:

The CAFR was not available to meet the needs of decision makers, including the governing board, bondholders, federal and state oversight agencies, and constituents in a timely manner.

Cause:

The County is in the process of identifying a new accounting system for implementation, thus limited resources were made available relating to the preparation of the County's CAFR.

Recommendation:

Management should establish a well-defined process for its annual financial reporting. The process and its key attributes (e.g., overall timing, methodology, communication with component units, segregation of duties, frequency of analyses and review by County management) should be formally documented, approved, and reviewed on a regular basis.

In addition, the County should involve more resources toward the preparation of its CAFR.

COUNTY OF YOLO, CALIFORNIA

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

Management's Response:

Accounting management and staff have been heavily involved in the selection of a new financial and human resources system for the County and will continue to be part of the implementation team for this system for another year. We recruited an experienced accountant to assist with the preparation and audit of the County's financial statements and the employee was on board for a few months then left for other opportunities. The County is continuing the recruiting process until qualified candidates can be hired.

Status:

The County's CAFR for the year ended June 30, 2015 was issued on June 29, 2016, therefore this recommendation continues (see current year finding 2015-002).

COUNTY OF YOLO, CALIFORNIA

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

Reference Number: 2014-003

Submission of Single Audit Report

Criteria:

Pursuant to Subpart C, Section .320(a) of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Condition:

As of the date of this report, the County is late with its submission of the single audit report.

Context:

The County's Single Audit Reporting Package was submitted to the Federal Audit Clearinghouse shortly after the Single Audit Report was issued on May 21, 2015, which was after the required deadline of March 31, 2015.

Effect:

The County exposes itself to the risk of granting agencies withholding funding pending the release of the single audit report or of losing funding all together.

Cause:

The single audit report is to be issued subsequent to the County's CAFR. The County's CAFR was not issued until May 13, 2015, which caused the single audit report issuance to be delayed.

Recommendation:

The County should issue its CAFR in a more timely fashion (see finding 2014-002).

Management's Response:

Accounting management and staff have been heavily involved in the implementation of a new financial and human resources system for the County and will continue to be part of the implementation team for this system for another year. We recruited an experienced accountant to assist with the preparation and audit of the County's financial statements and the employee was on board for a few months then left for other opportunities. The County is continuing the recruiting process until qualified candidates can be hired.

Status:

For the year ended June 30, 2015, the County's Single Audit Reporting Package was submitted to the Federal Audit Clearinghouse shortly after the Single Audit Report was issued on July 19, 2016, therefore this recommendation continues (see current year finding 2015-003).

COUNTY OF YOLO, CALIFORNIA

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

Reference Number: 2014-004

Schedule of Expenditures of Federal Awards

Criteria:

Pursuant to Subpart C, Section .300(d) of Office of Management and Budget (OMB) Circular A-133, *Audits, of States, Local Governments, and Non-Profit Organizations*, the auditee shall prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with section .310. Per Section 310(b)(3), the schedule of expenditures of federal awards shall “provide total federal awards expended for each individual federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.”

Condition:

The County’s draft schedule of expenditures of federal awards (SEFA) required revisions for the following:

- Foster Care – Title IV-E (CFDA no. 93.658) program expenditures were overstated.
- A portion of the Social Services Block Grant (CFDA no. 93.667) program expenditures were improperly reported as Medical Assistance Program (CFDA no. 93.778) expenditures. Additionally, a portion of the Medical Assistance Program expenditures were incorrectly reported as passed through the State of California Department of Social Services.
- Hospital Preparedness (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements (CFDA no. 93.074) program expenditures were improperly reported as Public Health Emergency Preparedness (CFDA no. 93.069) program expenditures.
- National Bioterrorism Hospital Preparedness Program (CFDA no. 93.889) expenditures were incorrectly reported.
- Juvenile Accountability Block Grants (CFDA no. 16.523) program expenditures were understated.

Context:

The Foster Care – Title IV-E program expenditures of \$5,213,310 were overstated by \$1,618,829.

The Social Services Block Grant program expenditures of \$1,087,943 were understated and the Medical Assistance Program expenditures of \$8,860,426 were overstated by \$856,369.

The Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements program expenditures of zero were understated and the Public Health Emergency Preparedness program expenditures of \$422,129 were overstated by \$422,129.

The National Bioterrorism Hospital Preparedness Program expenditures of \$175,770 were overstated by \$175,770.

The Juvenile Accountability Block Grants program expenditures of \$29,117 were understated by \$36,049.

Effect:

This condition required adjustments to the SEFA for the overstated and understated amounts identified above. As a result of these adjustments, the Social Services Block Grant program became a Type A program, which then required testing as a major program.

COUNTY OF YOLO, CALIFORNIA

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

Cause:

The Foster Care – Title IV-E program expenditures overstatement was caused by the Yolo County Department of Employment and Social Services (DESS) SEFA preparer not being notified of an adjustment made to the July 2013 claim.

The Social Services Block Grant program expenditures improperly reported as Medical Assistance Program expenditures was caused by DESS believing that In-Home Supportive Services (IHSS) Public Authority Administration expenditures were part of the Medical Assistance Program.

The HPP and PHEP Aligned Cooperative Agreements program expenditures improperly reported as Public Health Emergency Preparedness program expenditures and the National Bioterrorism Hospital Preparedness Program expenditures incorrectly reported resulted from competing projects and limited resources causing the correct amounts being communicated to the auditors in an untimely manner.

The Juvenile Accountability Block Grants program expenditures understatement was caused by the documentation necessary to compile the program expenditures not being available at the time the draft SEFA was compiled.

Recommendation:

The County should develop written policies and procedures that document the process for identifying and reporting federal expenditures as it pertains to the SEFA pursuant to the requirements of OMB Circular A-133 so that management or employees, in the normal course of performing their assigned functions, prevent, or detect and correct, omissions and/or misstatements to the SEFA in a timely manner.

Management's Response:

For the Foster Care – Title IV-E program, appropriate staff will review data compiled for the SEFA before submitting to the Department of Financial Services.

The County has reported the IHSS Public Authority Administration expenditures using the incorrect CDFA number since the inception of the program in fiscal year 2001-02. County staff initiated a call with the funding source to confirm the CFDA number and was notified of the correct number.

County staff notified the auditors that the amounts for the HPP and PHEP Aligned Cooperative Agreements, Public Health Emergency Preparedness, and the National Bioterrorism Hospital Preparedness Program programs in the draft SEFA were subject to change.

The County will include in the SEFA compilation instructions a requirement that departments document that a review of all information provided to compile the SEFA was performed before a countywide draft SEFA is submitted by Department of Financial Services staff to the auditors.

Status:

No audit adjustments were necessary for the year ended June 30, 2015 schedule of expenditures of federal awards, therefore this recommendation is considered implemented.

COUNTY OF YOLO, CALIFORNIA

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

Federal Awards Findings and Questioned Costs

Reference Number: 2014-005
Federal Program Title: Medical Assistance Program
Federal Catalog Number: 93.778
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Agency: California Department of Health Care Services
Award Number and Year: Not Available; 2013-14
Category of Finding: Eligibility

Criteria:

OMB Circular A-133, Subpart C—Auditees, §.300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

42 Code of Federal Regulations (CFR) §435.2 – PURPOSE AND APPLICABILITY

This part sets forth, for the 50 States, the District of Columbia, the Northern Mariana Islands, and American Samoa—

- (c) The eligibility requirements and procedures that the Medicaid agency must use in determining and redetermining eligibility, and requirements it may not use;

42 CFR §435.916 – PERIODIC RENEWAL OF MEDICAID ELIGIBILITY

- (a) *Renewal of individuals whose Medicaid eligibility is based on modified adjusted gross income methods (MAGI).* (1) Except as provided in paragraph (d) of this section, the eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months, and no more frequently than once every 12 months.
- (b) *Redetermination of individuals whose Medicaid eligibility is determined on a basis other than modified adjusted gross income.* The agency must redetermine the eligibility of Medicaid beneficiaries excepted from modified adjusted gross income under §435.603(j) of this part, for circumstances that may change, at least every 12 months. The agency must make a redetermination of eligibility in accordance with the provisions of paragraph (a)(2) of this section, if sufficient information is available to do so. The agency may adopt the procedures described at §435.916(a)(3) for individuals whose eligibility cannot be renewed in accordance with paragraph (a)(2) of this section.

Condition:

Many of the Medical Assistance Program recipient redetermination of eligibility were completed more than 12 months after their previous redetermination, had not been completed within the previous 12 months, or the documentation of the initial eligibility assessment was incomplete.

Questioned Costs:

There are no questioned costs associated with this condition.

COUNTY OF YOLO, CALIFORNIA

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

Context:

19 out of 60 IHSS program cases tested did not have a redetermination of eligibility performed within the required time frame. Of the 40 Medical program cases tested, 6 had not had a redetermination of eligibility within the required time frame and/or did not have evidence of the initial determination of eligibility.

Effect:

The County is not in compliance with eligibility requirements, which can result in ineligible participants receiving benefits.

Cause:

The County is aware of this requirement but is experiencing staff shortages, thus has not been able to complete the required eligibility redeterminations in a timely manner or to follow established policies for document retention.

Recommendation:

The County should develop and/or hire the resources necessary so that established policies and procedures are operating as designed.

Management Response and Corrective Action Plan:

Since July 2014, the Yolo County Department of Employment and Social Services' (DESS) overall compliance rate for reassessments has increased from 65.72% to 77.59% in December 2014. DESS staff continue to work overtime in an effort to become fully compliant in timely IHSS reassessments. DESS acknowledges the importance of timely IHSS reassessments and continues to make this a high priority and is confident our effort will be successful in the 2015 calendar year.

Status:

For the year ended June 30, 2015, exceptions were noted, therefore this recommendation continues (see current year finding 2015-005).

COUNTY OF YOLO, CALIFORNIA

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

Reference Number: 2014-006
Federal Program Title: Medical Assistance Program
Federal Catalog Number: 93.778
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Agency: California Department of Health Care Services
Award Number and Year: Not Available; 2013-14
Category of Finding: Eligibility

Criteria:

OMB Circular A-133, Subpart C—Auditees, §.300 Auditee responsibilities

The auditee shall:

- (b) Maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition:

The County was properly requesting the Income Eligibility Verification System (IEVS) reports on an annual basis, however, County caseworkers were not completing an electronic signature indicating the IEVS reports were reviewed during the eligibility determination process. We were able to review other supporting documentation indicating program participants were eligible to receive assistance.

Questioned Costs:

There are no questioned costs associated with this condition.

Context:

IEVS reports pertaining to 11 out of the 40 program participants selected for testing were not electronically signed off indicating review.

Effect:

The County exposes itself for risk that program participants are not eligible to receive assistance.

Cause:

The County is aware of this requirement but is experiencing staff shortages, thus the signoff of the IEVS reports has been an oversight.

Recommendation:

The County should develop policies and procedures and provide staff training to ensure these the IEVS reports are signed off indicating caseworker review.

Management Response and Corrective Action Plan:

Due to high workload and staff turnover, a refresher training will be conducted at the next Medi-Cal Program meeting in June 2015. The importance of IEVS processing and documentation will also be reinforced in our current and future induction trainings.

Status:

For the year ended June 30, 2015, exceptions were noted, therefore this recommendation continues (see current year finding 2015-004).