



COUNTY OF YOLO, CALIFORNIA

JUNE 30, 2019

SINGLE AUDIT REPORT

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on YOU



COUNTY OF YOLO, CALIFORNIA

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COUNTY OF YOLO, CALIFORNIA

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INDEPENDENT AUDITORS' 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 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yolo, California, (the County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, as described in the accompanying schedule of financial statement findings as items 2019-001 through 2019-003.



To the Honorable Board of Supervisors
County of Yolo, California

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 response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 20, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND SUPPLEMENTAL SCHEDULES OF
CALIFORNIA DEPARTEMENT OF COMMUNITY SERVICES AND DEVELOPMENT

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 (the County), California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2019.



To the Honorable Board of Supervisors
County of Yolo, California

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-004. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings 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 the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-004, that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



To the Honorable Board of Supervisors
County of Yolo, California

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Supplemental Schedules of California Department of Community Services and Development

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 20, 2019, which contained unmodified opinions on those financial statements. Our report includes reference to other auditors who audited the financial statements of the First 5 Yolo County Children and Families Commission as described in our report on the County's financial statements. 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 the Uniform Guidance and is not a required part of the basic financial statements. The Supplemental Schedules of California Department of Community Services and Development is presented for purposes of additional analysis and are 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 and the supplemental schedules of the California Department of Community Services and Development are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lance, Soll & Loughard, LLP

Sacramento, California

March 16, 2020 (Except for the Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance and Supplemental Schedules of California Department of Community Services and Development which is dated December 20, 2019)

COUNTY OF YOLO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
SNAP Cluster				
Department of Agriculture Direct Programs:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ -	\$ 293,461
Department of Agriculture Pass-Through Programs from:				
State of California Department of Social Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	61-367-3185	-	4,727,995
Subtotal - CFDA 10.561			-	5,021,456
Total Department of Agriculture Programs			-	5,021,456
Total SNAP Cluster			-	5,021,456
Child Nutrition Cluster				
Department of Agriculture Pass-Through Programs from:				
State of California Department of Education National School Lunch Program	10.555	80-748-0843	-	45,679
Total Department of Agriculture Programs			-	45,679
Total Child Nutrition Cluster			-	45,679
477 Cluster				
Department of Health and Human Services Pass-Through Programs from:				
State of California Department of Community Services Community Services Block Grant	93.569	92-957-8268	247,827	342,774
Total Department of Health and Human Services Programs			247,827	342,774
Total 477 Cluster			247,827	342,774
WIOA Cluster				
Department of Labor Pass-Through Programs from:				
State of California Department of Employment Development WIOA Adult Program	17.258	61-421-5531	-	924,241
WIOA Youth Activities	17.259	61-421-5531	455,476	931,025
WIOA Dislocated Worker Formula Grants	17.278	61-421-55-31	-	455,092
Total Department of Labor Programs			455,476	2,310,358
Total WIOA Cluster			455,476	2,310,358
Highway Planning and Construction Cluster				
Department of Transportation Pass-Through Programs from:				
State of California Department of Transportation Highway Planning and Construction	20.205	13-525-3776	-	5,183,749
Total Department of Transportation Programs			-	5,183,749
Total Highway Planning and Construction Cluster			-	5,183,749
Highway Safety Cluster				
Department of Transportation Pass-Through Programs from:				
State of California Office of Traffic Safety State and Community Highway Safety	20.600	96-505-3908	-	7,391
National Priority Safety Programs	20.616	96-505-3908	-	294,130
Total Department of Transportation Programs			-	301,521
Total Highway Safety Cluster			-	301,521
TANF Cluster				
Department of Health and Human Services Pass-Through Programs from:				
State of California Department of Social Services Temporary Assistance for Needy Families (TANF) State Programs	93.558	61-637-3185	1,292,101	13,678,236
Total Department of Health and Human Services Programs			1,292,101	13,678,236
Total TANF Cluster			1,292,101	13,678,236

COUNTY OF YOLO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Medicaid Cluster *				
Department of Health and Human Services Pass-Through Programs from:				
State of California Department of Health Care Services Medical Assistance Program	93.778	79-652-8263	-	7,218,343
State of California Department of Social Services Medical Assistance Program	93.778	61-367-3185	-	691,904
State of California Department of Public Health Medical Assistance Program	93.778	79-915-0615	-	401,987
Subtotal - CFDA 93.778			-	8,312,234
Total Department of Health and Human Services Programs			-	8,312,234
Total Medicaid Cluster			-	8,312,234
Disability Insurance/SSI Cluster				
Social Security Administration Direct Programs:				
Supplemental Security Income (SSI)	96.006	N/A	-	20,800
Total Social Security Administration Programs			-	20,800
Total Disability Insurance/SSI Cluster			-	20,800
Other Programs				
Department of Agriculture Pass-Through Programs from:				
State of California Department of Food and Agriculture Plant and Animal Disease, Pest Control, and Animal Care	10.025	82-656-2076	-	150,583
State of California Department of Public Health WIC Special Supplemental Nutrition Program for Women, Infants and Children *	10.557	79-915-0615	-	1,483,400
Total Department of Agriculture Programs			-	1,633,983
Department of Housing and Urban Development Pass-Through Programs from:				
State of California Department of Housing and Community Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii *	14.228	55-654-8071	-	1,043,298
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Beginning Loan Balance *	14.228	55-654-8071	-	1,254,781
Subtotal - CFDA 14.228			-	2,298,079
Home Investment Partnerships Program - Beginning Loan Balance	14.239	55-654-8071	-	9,414,965
Total Department of Housing and Urban Development Programs			-	11,713,044
Department of Justice Direct Programs:				
State Criminal Alien Assistance Program	16.606	N/A	-	75,633
Innovative Responses to Behavior in the Community: Swift, Certain, and Fair Supervision Program	16.828	N/A	-	104,435
Department of Justice Pass-Through Programs from:				
State of California Department of Corrections and Rehabilitation Crime Victim Assistance	16.575	84-744-5165	280,858	1,028,544
State of California Governor's Office of Emergency Services Violence Against Women Formula Grants	16.588	62-423-4894	-	27,684
Board of State and Community Corrections Edward Byrne Memorial Justice Assistance Grant	16.738	94-909-5731	-	35,102
Total Department of Justice Programs			280,858	1,271,398
Department of Transportation Direct Programs:				
Airport Improvement Program	20.106	N/A	-	129,590
Total Department of Transportation Programs			-	129,590

COUNTY OF YOLO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Institute of Museum and Library Services Pass-Through Programs from: California State Library				
Grants to States	45.310	93-755-8120	-	22,807
Total Institute of Museum and Library Services Programs			-	22,807
Department of Health and Human Services Direct Programs:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	488,862
Unaccompanied Alien Children Program *	93.676	N/A	-	5,139,332
Department of Health and Human Services Pass-Through Programs from: California Department of Public Health				
Public Health Emergency Preparedness	93.069	79-915-0615	-	193,240
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	79-915-0615	-	31,206
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	79-915-0615	-	76,978
Immunization Cooperative Agreements	93.268	79-915-0615	-	77,381
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	79-915-0615	-	366,661
National Bioterrorism Hospital Preparedness Program	93.889	79-915-0615	-	168,703
Maternal and Child Health Services Block Grant to the States	93.994	79-915-0615	-	125,489
State of California Department of Social Services				
Guardianship Assistance	93.090	61-367-3185	-	2,934
Promoting Safe and Stable Families	93.556	61-367-3185	-	154,835
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	61-367-3185	-	45,566
Stephanie Tubbs Jones Child Welfare Services Program	93.645	61-367-3185	-	121,087
Foster Care Title IV-E	93.658	61-367-3185	-	8,320,092
Adoption Assistance	93.659	61-367-3185	-	4,937,555
Social Services Block Grant *	93.667	61-367-3185	-	1,305,466
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	61-367-3185	-	58,271
State of California Department of Child Support Services				
Child Support Enforcement	93.563	96-753-9755	-	3,547,960
State of California Department of Health Care Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	79-652-8263	-	32,123
Children's Health Insurance Program	93.767	79-652-8263	-	146,338
Block Grants for Community Mental Health Services	93.958	79-652-8263	-	256,534
Block Grants for Prevention and Treatment of Substance Abuse	93.959	79-652-8263	-	767,217
Yolo County Office of Education				
Head Start	93.600	19-321-3188	-	3,380
State of California Governor's Office of Emergency Services				
Children's Justice Grants to States	93.643	62-423-4894	-	58,276
Total Department of Health and Human Services Programs			-	26,425,486
Department of Homeland Security Pass-Through Programs from: State of California Department of Boating and Waterways				
Boating Safety Financial Assistance	97.012	80-832-2366	-	145,664
State of California Governor's Office of Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	62-423-4894	-	4,297
Emergency Management Performance Grants	97.042	62-423-4894	-	290,440
Homeland Security Grant Program	97.067	62-423-4894	-	199,734
Total Department of Homeland Security Programs			-	640,135
Total Other Programs			280,858	41,836,443
Total Expenditures of Federal Awards			\$ 2,276,262	\$ 77,053,250

* Major Program

¹ There were no federal awards expended in the form of noncash assistance and insurance in effect during the fiscal year.

COUNTY OF YOLO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County of Yolo, California (the "County") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized, as applicable, under the cost principles in contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10-percent de minimis indirect costs rate allowed under the Uniform Guidance.

Note 3: Medicaid Cluster

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

Note 4: Loan Programs

The following schedule presents the amount of outstanding loans receivable by CFDA number. All loans with continuing compliance requirements are included on the accompanying Schedule. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented on the Schedule.

The balance of loans outstanding at June 30, 2019, consists of:

CFDA No.	Federal Program	Outstanding Loans at June 30, 2019
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	\$ 8,699,964
14.239	Home Investments Partnerships Program	1,839,617
	Total	<u>\$ 10,539,581</u>

COUNTY OF YOLO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? yes none reported
- Material weaknesses identified? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? yes none reported
- Material weaknesses identified? yes no

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings related to major programs disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
93.667	Social Services Block Grant
93.676	Unaccompanied Alien Children Program
93.778	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B program \$2,311,597

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

Timely Bank Reconciliations
Significant Deficiency

Reference Number: 2019-001

Condition:

As a result of our test work over the County's bank reconciliations, we noted the County was not performing bank reconciliations in a timely manner. The July 2018 through June 2019 bank reconciliations were not performed in a timely matter. The County subsequently completed all monthly reconciliations for fiscal year 2019 prior to the completion of the financial statement audit.

Criteria:

Bank and investment reconciliations help to create stronger internal control, whereby accountability over cash assets is greatly enhanced. Bank and investment reconciliations help to safeguard cash by detecting errors on the part of the bank, trustee and the County when recording activities in accounts.

Cause of Condition:

The County did not perform reconciliations on a timely basis due to transition to US Bank during the year and an increased volume of reconciliations was needed during that transition.

Effect or Potential Effect of Condition:

The lack of timely bank reconciliations could cause errors or theft to go undetected for longer periods of time. Accurate records will ensure County staff are more informed and allow them to make better financial decisions.

Recommendation:

We recommend the County implement procedures to ensure bank reconciliations are performed timely on a monthly basis.

Management's Response and Corrective Action:

The County's Cash Accounting Manual requires all accounts to be reconciled on a monthly basis. The County Treasury Division is updating due dates and monitoring processes to ensure each monthly bank reconciliation is completed timely. Additionally, procedures will contain escalation procedures of how to bring any future delays to the attention of senior management. We expect these procedures to be implemented by April 30, 2020.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Segregation of Duties Within the Financial System
Significant Deficiency

Reference Number: 2019-002

Condition:

As a result of our audit procedures, we noted certain areas of the County's financial system (INFOR) where clear segregation of duties do not appear to be in place in order to prevent unauthorized transactions, error or fraud. To maintain proper segregation of duties, no single employee should have complete control over all components of a transaction. Such areas were found in the County's procurement and disbursement modules within INFOR, including the vendor Masterfile, processes surrounding change order approval, and bypassing of approval by the Department of Financial Services (DFS).

Criteria:

Government Auditing Standards note that management is responsible for implementing systems designed to achieve compliance with applicable laws and regulations; and for establishing and maintaining internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. A proper segregation of duties should include different employees performing the initiation, recording, approval of the transactions and custody of assets.

Cause of Condition:

The County has not implemented policies and procedures to ensure that segregation of duties is maintained within all areas of the financial system.

Effect or Potential Effect of Condition:

The County's internal control systems are weakened, and proper safeguards are not in place to prevent error or fraud.

Recommendation:

We recommend that the County assess the access levels of employees within the financial system (INFOR) to ensure that proper segregation of duties is maintained in all business areas. A continual process for monitoring segregation of duty risks within the financial system should be implemented and maintained by the County.

Management's Response and Corrective Action:

The County has a year-end review process to review access levels and look for segregation of duties and access issues in the INFOR financial system. The Department of Financial Services will coordinate with the Information Technology division to strengthen this process to review for incompatible roles in the system. This will be implemented as part of the June 30, 2020 year-end process. In order to address the more specific concerns, the ability to modify and maintain the Accounts Payable Vendor File was moved from the Accounting Division to the Procurement Division in October 2019 to further segregate this function. In addition, access to initiate change orders by departments outside the Financial Services department was removed in November 2018.

COUNTY OF YOLO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Estimates Used in Calculation of Landfill Closure & Post-Closure Costs
Significant Deficiency

Reference Number: 2019-003

Condition:

As a result of our test work over the County's estimate of its landfill closure and post-closure cost liability, we noted that the County incorrectly included cumulative costs incurred related to previously closed waste management units. Updated plans submitted to the California Department of Resources Recycling and Recovery excluded previously closed units, and therefore should have excluded the related cumulative costs incurred from the calculation of the liability.

Criteria:

The County is required to submit regular closure and post-closure maintenance plan cost estimates as well as an annual report to the California Department of Resources Recycling and Recovery in accordance with the requirements set forth in the California Code of Regulations, Title 27, Division 2, Subdivision 1, Chapter 6. Figures in these reports are used in the County's annual estimate of its landfill closure and post-closure cost liability, which is reduced by any cumulative costs incurred related to the liability, per each waste management unit. Only cumulative costs related to waste management units included in the plan are allowed to reduce the liability.

Cause of Condition:

The County did not perform a detailed review of the annual calculation of the landfill closure and post-closure cost liability during year-end closing procedures.

Effect or Potential Effect of Condition:

The improper inclusion of certain cumulative costs incurred resulted in an understatement of the landfill closure and post-closure cost liability by approximately \$3.8 million.

Recommendation:

We recommend the County implement procedures to ensure proper detailed review of the annual calculation of its landfill closure and post-closure cost liability.

Management's Response and Corrective Action:

The County Department of Financial Services will ensure that a detailed review of the landfill closure and post-closure liability occurs annually. The Accounting Division of the Department of Financial Services will carefully review the liability annually in coordination with the Integrated Waste Management Division of the Department of Community Services to ensure only applicable paid expenditures reduce the closure and post-closure liability to ensure accurate reporting.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reporting

Significant Deficiency/Instance of Noncompliance

Reference Number: 2019-004

Federal Award Information:

CFDA Number: 93.676

Program Title: Unaccompanied Alien Children Program

Federal Award Number: 90ZU0171

Federal Award Year(s): 2018; 2019

Name of Federal Agency: U.S. Department Health and Human Services

Criteria or Specific Requirement:

According to Title 45 – Public Welfare, Subtitle A – Department of Health and Human Service, Subchapter A–General Administration, Part 75—Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Subpart D–Post Federal Award Requirements (Title 45 CFR Part 75.342.1), quarterly reports must be submitted 30 calendar days after the reporting period end date.

Condition:

The SF-425 Federal Financial report for period end date March 31, 2019 had a submission deadline of April 30, 2019, however the report was not submitted until August 31, 2019.

Cause of the Condition:

The late reports submission was due to Department oversight due to personnel turnover; new staff were not initially aware of the reporting requirements.

Effect or Possible Effect:

The County did not submit the required reports in a timely manner.

Questioned Costs:

No questioned costs were identified (\$0).

Context

As the SF-425 Federal Financial Reports are submitted on a quarterly basis, the total population of reports during the audit period was four (4). The audit examined a sample of two (2) reports.

Repeat Finding:

This is a new finding for the fiscal year ended June 30, 2019.

Recommendation:

We recommend that the County implement a system to ensure that all required reporting deadlines are tracked and required submissions are made timely.

Management's Response and Corrective Action:

A tracking system that identifies all required reporting deadlines for the Probation departments grants has been implemented so that timelines can be tracked, and reports can be submitted on time. Deadlines are reviewed during regular department check-in with staff so that timelines can be met. The finding in this particular case will not be repeated because this program ended January 31, 2020 and will no longer require report submission.



County of Yolo

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- Financial Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION I - FINANCIAL STATEMENT FINDINGS

Reference Number: 2018-001

This finding has been partially corrected, but is repeated for the fiscal year ended June 30, 2019, as Reference Number 2019-001 in the Schedule of Findings and Questioned Costs.

Corrective Action:

The County's Cash Accounting Manual requires all accounts to be reconciled on a monthly basis. The County Treasury Division is updating due dates and monitoring processes to ensure each monthly bank reconciliation is completed timely. Additionally, procedures will contain escalation procedures of how to bring any future delays to the attention of senior management. We expect these procedures to be implemented by April 30, 2020.

Reference Number: 2018-002

This finding has been corrected and is considered to be resolved as of June 30, 2019.

Reference Number: 2018-003

This finding has been partially corrected, but is repeated for the fiscal year ended June 30, 2019, as Reference Number 2019-002 in the Schedule of Findings and Questioned Costs.

Corrective Action:

The County has a year-end review process to review access levels and look for segregation of duties and access issues in the INFOR financial system. The Department of Financial Services will coordinate with the Information Technology division to strengthen this process to review for incompatible roles in the system. This will be implemented as part of the June 30, 2020 year-end process. In order to address the more specific concerns, the ability to modify and maintain the Accounts Payable Vendor File was moved from the Accounting Division to the Procurement Division in October 2019 to further segregate this function. In addition, access to initiate change orders by departments outside the Financial Services department was removed in November 2018.

Reference Number: 2018-004

This finding has been corrected and is considered to be resolved as of June 30, 2019.

SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number: 2018-005

This finding has been corrected and is considered to be resolved as of June 30, 2019.

ASSURANCE OF ACCOUNTABILITY

COUNTY OF YOLO

**SUPPLEMENTAL SCHEDULE OF CALIFORNIA DEPARTMENT
OF COMMUNITY SERVICES AND DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 18F-5052 (CSBG - \$297,957)
For The Period January 1, 2018 through December 31, 2018: Extended to May 31, 2019

	January 1, 2018 through June 30, 2018	July 1, 2018 through May 31, 2019	Total Reported	Total Budget
<u>Revenue</u>				
Grant revenue	\$ 153,989	\$ 143,968	\$ 297,957	\$ 297,957
<u>Expenditures</u>				
Administration:				
Salaries and wages	\$ 3,118	\$ 7,423	\$ 10,541	\$ 10,541
Fringe benefits	1,661	5,067	6,728	6,728
Operating expenses	1,117	-	1,117	1,117
Equipment	-	1,015	1,015	1,015
Other costs	1,573	2,139	3,712	3,712
Subtotal Administrative Costs	7,469	15,644	23,113	23,113
Program Costs:				
Salaries and wages	\$ 18,840	\$ 5,787	\$ 24,627	\$ 24,627
Fringe benefits	4,350	5,614	9,964	9,964
Subcontractor services	103,096	106,904	210,000	210,000
Other costs	20,234	10,019	30,253	30,253
Subtotal Program Costs	146,520	128,324	274,844	274,844
Total Expenditures	\$ 153,989	\$ 143,968	\$ 297,957	\$ 297,957

COUNTY OF YOLO

**SUPPLEMENTAL SCHEDULE OF CALIFORNIA DEPARTMENT
OF COMMUNITY SERVICES AND DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 18F-5052 Discretionary (CSBG - \$35,000)
For The Period January 1, 2018 through December 31, 2018: Extended to May 31, 2019

	January 1, 2018 through May 31, 2019	Total Reported	Total Budget
<u>Revenue</u>			
Grant revenue	\$ 21,991	\$ 21,991	\$ 35,000
<u>Expenditures</u>			
Program Costs:			
Subcontractor services	\$ 35,000	\$ 35,000	\$ 35,000
Total Expenditures	\$ 35,000	\$ 35,000	\$ 35,000

COUNTY OF YOLO

**SUPPLEMENTAL SCHEDULE OF CALIFORNIA DEPARTMENT
OF COMMUNITY SERVICES AND DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 19F-4052 (CSBG - \$294,566)
For The Period January 1, 2019 through December 31, 2019

	January 1, 2019 through June 30, 2019	Total Reported	Total Budget
<u>Revenue</u>			
Grant revenue	\$ 163,806	\$ 163,806	\$ 294,566
<u>Expenditures</u>			
Administration:			
Salaries and wages	\$ 3,602	\$ 3,602	\$ 4,870
Fringe benefits	2,443	2,443	2,040
Operating expenses	1,337	1,337	1,200
Equipment	-	-	1,000
Other costs	1,358	1,358	3,973
Subtotal Administrative Costs	8,740	8,740	13,083
Program Costs:			
Salaries and wages	\$ 5,887	\$ 5,887	\$ 16,202
Fringe benefits	3,784	3,784	6,528
Subcontractor services	105,923	105,923	210,000
Other costs	39,472	39,472	48,753
Subtotal Program Costs	155,066	155,066	281,483
Total Costs	\$ 163,806	\$ 163,806	\$ 294,566