

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

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**COUNTY OF MADERA**

Single Audit Report  
For the Year Ended June 30, 2014

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

Board of Supervisors  
County of Madera  
Madera, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Madera (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 24, 2015. Our report includes a reference to other auditors who audited the financial statements of the Community Action Partnership of Madera County and the Madera County Workforce Investment Corporation, 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 findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 2014-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Supervisors  
County of Madera  
Madera, California

### **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 response 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 result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Roseville, California  
March 24, 2015



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

Board of Supervisors  
County of Madera  
Madera, California

***Report on Compliance for Each Major Federal Program***

We have audited the County of Madera's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Basis for Qualified Opinion on CFDA 17.258, 17.259 and 17.260 Workforce Investment Act Cluster***

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 17.258, 17.259 and 17.260 Workforce Investment Act as described in the finding number 2014-002 for Subrecipient Monitoring. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Qualified Opinion on CFDA 17.258, 17.259 and 17.260 Workforce Investment Act Cluster***

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 CFDA 17.258, 17.259 and 17.260 Workforce Investment Act for the year ended June 30, 2014.

Board of Supervisors  
County of Madera  
Madera, California

***Unmodified Opinion on Each of the Other 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 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, 2014.

***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 material weaknesses and significant deficiencies.

*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 2014-002 to be a material weakness.

*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.

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

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.



Board of Supervisors  
County of Madera  
Madera, California

***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 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, 2014, and have issued our report thereon dated March 24, 2015, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the Community Action Partnership of Madera County and the Madera County Workforce Investment Corporation, discretely presented component units of the County. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Roseville, California  
March 24, 2015

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**COUNTY OF MADERA**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed through California Department of Food and Agriculture:			
Pierce's Disease Control Program	10.025	12-0079-SF	\$ 72,651
Pierce's Disease Control Program	10.025	12-0089-SF	58,801
Subtotal CFDA 10.025			<u>131,452</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	--	35,959
National School Lunch Program	10.555	--	62,349
Subtotal Child Nutrition Cluster			<u>98,308</u>
Passed through State Department of Public Health:			
Supplemental Nutrition Assistance Program	10.561	12-10177/13-20508	231,105
WIC - Women, Infants and Children	10.557	11-10470	1,661,783
Subtotal			<u>1,892,888</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program	10.561	--	<u>1,760,655</u>
Passed through California Department of Food and Agriculture:			
Light Brown Apple Moth (LBAM)	10.604	13-0427-SF	<u>5,360</u>
Direct Programs:			
Rural Utilities Service	10.760	RUS 1780-12	<u>131,625</u>
Community Facilities Grant	10.776	424.2	<u>31,595</u>
Total U.S. Department of Agriculture			<u>\$ 4,051,883</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through State Dept. of Housing and Community Development:			
CDBG/State's program and Non-Entitlement Grants in Hawaii	14.228	B-11-UN-06-0008	<u>1,394,971</u>
Passed through State Department of Public Health:			
Housing Opportunities for Persons with AIDS	14.241	13-20422	<u>46,972</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 1,441,943</u>
<b><u>U.S. Department of Justice</u></b>			
Passed through Drug Enforcement Administration:			
Domestic Cannabis Eradication	16.579	2013--28	67,241
Domestic Cannabis Eradication	16.579	2014-27	464
Subtotal CFDA 16.579			<u>67,705</u>
Passed through California Emergency Management Agency:			
State Criminal Alien Assistance Program	16.606	2014APBX0764	<u>77,006</u>
Passed through City of Madera:			
Edward Byrne Memorial JAG	16.738	2013-DJ-BX-1087	<u>19,615</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF MADERA**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<b><u>U.S. Department of Justice</u></b> (continued)			
Direct Program:			
Edward Byrne Memorial JAG	16.738	BSCC 601-12	\$ 24,344
Edward Byrne Memorial JAG	16.738	BSCC 601-13	87,125
Subtotal CFDA 16.738			<u>111,469</u>
Total U.S. Department of Justice			<u>\$ 275,795</u>
<b><u>U.S. Department of Labor</u></b>			
Passed through State Employment Development Department via County ETR:			
Workforce Investment Act - Adult	17.258	201/202/327	613,471
Workforce Investment Act - Youth	17.259	301	677,116
Workforce Investment Act - Dislocated Worker	17.260	501/502/537/540/541	478,644
Total Workforce Investment Act Cluster			<u>1,769,231</u>
Passed through State of California Employment Development: Department Workforce Services Division:			
Workforce Investment Act - National Emergency Grants	17.277	338	241,238
Total U.S. Department of Labor			<u>\$ 2,010,469</u>
<b><u>U.S. Department of Transportation</u></b>			
Passed through State Department of Transportation:			
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLO - 5941(051)	1,489,940
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLO - 5941(089)	28,592
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLS - 5941(046)	129,955
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLS - 5941(076)	47,177
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLS - 5941(081)	95,524
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLS - 5941(088)	25,313
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLS - 5941(065)	5,010
Highway Planning & Construction (RSTP Apportionment)	20.205	BRLS - 5941(094)	12,901
Highway Planning & Construction (RSTP Apportionment)	20.205	CML - 5941(097)	94,580
Subtotal CFDA 20.205			<u>1,928,992</u>
Passed through California High Speed Rail Authority:			
Federal Transit Administration (FTA) Section 5311	20.509	643141	225,000
Passed through California Office of Traffic Safety:			
Vertical Prosecution	20.601	AL1368	26,504
Total U.S. Department of Transportation			<u>\$ 2,180,496</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
Passed through California Department of Public Health:			
ARRA - Division of Drinking Water and Environmental Mgt	66.468	SRFLPA50	50,161
Total U.S. Environmental Protection Agency			<u>\$ 50,161</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through California Secretary of State:			
Help America Vote Act (HAVA)	93.617	13G26112	5,000

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF MADERA**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<b>U.S. Department of Health and Human Services</b> (continued)			
Passed through State Department of Social Services:			
Kingap IV-E Admin	93.090	--	\$ 84
Family Preservation and Support Services	93.556	--	153,409
Temporary Assistance for Needy Families	93.558	--	9,039,969
Child Support Enforcement	93.563	--	1,906,805
Community Based Child Abuse Prevention	93.590	--	20,697
Child Welfare Services – State Grants	93.645	--	92,322
Adoption Assistance	93.659	--	1,537,944
In-Home Supportive Services	93.667	--	603,589
Independent Living	93.674	--	56,268
Medical Assistance Program	93.778	--	2,587,492
Subtotal			<u>15,998,579</u>
Foster Care – Title IV-E	93.658	--	3,646,268
ARRA - Foster Care – Title IV-E	93.658	--	(82)
Subtotal CFDA 93.658			<u>3,646,186</u>
Passed through State Department of Health Services:			
Personal Responsibility Education Program	93.092	12-10227	61,450
Tuberculosis Control Program	93.116	2013-199	28,766
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	38,880
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197	11-10539	44,097
Immunization	93.268	13-20299	46,616
ACA Maternal, Infant and Early Childhood, HVP	93.505	201320	566,255
Community Transformation Grants	93.531	1017728	280,094
Child Health & Disability Prev - Title XIX	93.778	CHDPL 13-02	182,021
HIV Care Formula Grants	93.917	12-10565/13-20057	76,135
Block Grants for Community MH Services	93.958	--	217,719
Children's Health and Disability Prevention	93.994	201320	167,084
Adolescent Family Life Demonstration Projects	93.995	201320	123,986
Subtotal			<u>1,833,103</u>
Hospital Preparedness Program	93.074	EPO 13-22	175,764
Public Health Emergency Preparedness	93.074	EPO 13-22	164,994
Subtotal CFDA 93.074			<u>340,758</u>
California Children's Services	93.767	CCS IN 13-04	462,588
Health Care for Children in Foster Care	93.767	CHDPL 13-03	65,612
Subtotal CFDA 93.767			<u>528,200</u>
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Substance Abuse Prevention and Treatment (SAPT)	93.959	10-NNA20 V.1	942,594
Total U.S. Department of Health and Human Services			<u>\$ 23,294,420</u>

**COUNTY OF MADERA**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<b><u>U.S. Department of Homeland Security</u></b>			
Passed through California Emergency Management Agency:			
2013 Emergency Management Performance grant	97.042	2013-0047	\$ 154,632
2011 State Homeland Security Grant	97.067	2011-SS-0077	36,350
2012 State Homeland Security Grant	97.067	2013-00110	126,635
2012 State Homeland Security Grant	97.067	EMW-2012-SS-00123	161,638
Subtotal CFDA 97.067			<u>324,623</u>
 Total U.S. Department of Homeland Security			 <u>\$ 479,255</u>
 Total Expenditures of Federal Awards			 <u>\$ 33,784,422</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF MADERA**

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

**NOTE 1: REPORTING ENTITY**

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

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented based on Generally Accepted Accounting Principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS**

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

**NOTE 4: SUBRECIPIENTS**

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Provided to Subrecipients</u>
17.258	Workforce Investment Act – Adult	\$ 613,471
17.259	Workforce Investment Act – Youth	\$ 677,116
17.260	Workforce Investment Act – Dislocated Worker	\$ 478,644
17.277	Workforce Investment Act – National Emergency Grants	\$ 241,238

**COUNTY OF MADERA**

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

**NOTE 5: PROGRAM CLUSTERS**

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

Child Nutrition Cluster:

10.553	School Breakfast Program	\$ 35,959
10.555	National School Lunch Program	<u>62,349</u>
	Total	<u>\$ 98,308</u>

SNAP Cluster:

10.561	Supplemental Nutrition Assistance Program	\$ 231,105
10.561	State Administrative Matching Grants for Food Stamp Program	<u>1,760,655</u>
	Total	<u>\$ 1,991,760</u>

WIA Cluster:

17.258	Workforce Investment Act - Adult	\$ 613,471
17.259	Workforce Investment Act - Youth	677,116
17.260	Workforce Investment Act - Dislocated Worker	<u>478,644</u>
	Total	<u>\$ 1,769,231</u>

**NOTE 6: PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County either determined that no identifying number is assigned for the program or was simply unable to obtain an identifying number from the pass-through entity.

**NOTE 7: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

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

Federal CFDA#	Program Title	Amount Outstanding		
		July 1, 2013	New Loans	June 30, 2014
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 3,736,812	\$ 125,119	\$ 3,861,931
14.239	HOME Investment Partnerships Program	<u>1,645,634</u>	--	<u>1,645,634</u>
	TOTAL	<u>\$ 5,382,446</u>	<u>\$ 125,119</u>	<u>\$ 5,507,565</u>



**COUNTY OF MADERA**

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

**NOTE 8: TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER**

The schedule of expenditures of federal awards does not summarize programs that are passed through different agencies. The following summarizes those programs that cross agency funding sources.

<u>Program/Cluster Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantor</u>	<u>Amount</u>
Medical Assistance Program	93.778	State Department of Social Services	\$ 2,587,492
Child Health & Disability Prevention - Title XIX		State Department of Health Services	182,021
			<u>\$ 2,769,513</u>
Supplemental Nutrition Assistance Program	10.561	State Department of Public Health	\$ 231,105
State Administrative Matching Grants for Food Stamps Program		State Department of Health Services	1,760,655
			<u>\$ 1,991,760</u>

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**COUNTY OF MADERA**

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

**Section 1**

Financial Statements

Summary of Auditor's Results

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

Federal Awards

- |   |               |
|---|---------------|
| 1. Internal control over major programs:  |               |
| a. Material weaknesses identified?  | Yes           |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None reported |
| 2. Type of auditor's report issued on compliance for major programs:  |               |
| Workforce Investment Act Cluster  | Qualified     |
| Other major programs  | Unmodified    |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes           |
| 4. Identification of major programs:  |               |

CFDA Number

Name of Federal Program

- |   |   |
|---|---|
| 10.561  | Supplemental Nutrition Assistance Program Cluster |
| 17.258, 17.259 and 17.260   | Workforce Investment Act Cluster                  |
| 14.239  | HOME Investment Partnerships Program              |
| 20.205  | Highway Planning and Construction                 |
| 93.558  | Temporary Assistance for Needy Families           |
| 93.563  | Child Support Enforcement                         |
| 93.659  | Adoption Assistance                               |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 1,178,760                                      |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No  |

**COUNTY OF MADERA**

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

**Section 2**

Financial Statement Findings

2014-001

Financial Reporting Process

**Section 3**

Federal Award Findings and Questioned Costs

2014-002

CFDA Number 17.258, 17.259 and 17.260

## COUNTY OF MADERA

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

**Reference Number** 2014-001

#### **FINANCIAL REPORTING PROCESS**

##### Criteria

An agency's accounting and reporting system where detailed transactions are recorded should be the basis for generating periodic financial reports as well as annual financial statements.

##### Condition

The County relies on the use of IFAS, its accounting and financial reporting system, throughout the year for periodic budget to actual reporting. For year-end reporting, the County uses Engagement to post numerous adjustments that are not reflected in IFAS. The postings to Engagement are not subject to the same level of review and approval as adjustments made to IFAS and therefore the risk of errors is greater.

During the audit, we noted that the following balances were adjusted in Engagement and not in IFAS.

- Cash
- Cash with fiscal agent
- Accounts receivable
- Taxes receivable
- Due from other governments
- Unearned and unavailable revenue
- Interfund balances
- Notes and loans receivable
- Capital assets, including accumulated depreciation
- Accounts payable
- Due to other governments
- Long term liabilities
- Claims liability
- Accrued salaries
- Compensated absences
- Net position/fund balance

##### Cause of Condition

The County relies on Engagement for mapping its accounts and generating draft financial statements, a feature that IFAS has not been programmed for. In addition, any adjustments noted during the final review process are made only to Engagement thereby resulting in differences between the two systems used.

Further, postings to many of the aforementioned accounts are based on extensive Excel spreadsheets, which the County depends on to track accruals, account balances, and fund groupings.

##### Effect of Condition

When information in one system differs from information posted in another system the risk of misstatements increases and reconciling amounts between the two systems becomes more complicated.

An over dependence on Excel spreadsheets may lead to gaps in the audit trail and difficulties in tracing back accounting changes.

**COUNTY OF MADERA**

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

**Reference Number**                      2014-001 (continued)

Recommendation

We recommend that the County limit the use of Engagement to “top –sided” adjustments only so that in effect the balances reflected in IFAS agree to the amounts reported in Engagement. By ensuring that all adjustments to the financial statements are reflected in the agency’s general ledger users can better rely on the information to make decisions.

Management Response

We are working on the process to implement posting of audit adjustments into IFAS. We have some fund grouping issues between IFAS and Engagement that needs to be addressed before implementing the process. However, with added staff to assist with this process, we hope to be able to move forward in the near future.

## COUNTY OF MADERA

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

<b>Reference Number</b>	2014-002
<b>Federal Program Title</b>	Workforce Investment Act
<b>CFDA Number</b>	17.258, 17.259, and 17.260
<b>Federal Agency</b>	U.S. Department of Labor
<b>Pass Through Entity</b>	State Employment Development Department
<b>Compliance Requirement</b>	Subrecipient Monitoring

#### Criteria

In accordance with OMB A-133; Subpart D—Federal Agencies and Pass-through Entities; § .400. "A pass-through entity is responsible for . . . monitoring the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements. . ."

Regulations specific to Workforce Investment Act at 20 CFR section 667.400(c) state that each recipient (the County in this instance) [...] must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine whether or not there is compliance with provisions of the Act and applicable laws and regulations and provide technical assistance as necessary and appropriate.

#### Condition

During our testing of the subrecipient monitoring compliance requirement including inquiries with the program's fiscal management, we noted no monitoring of the subrecipients was being conducted by the County, though the County did obtain a copy of the subrecipient's single audit report for the current year to ensure WIA funds were properly reported.

#### Questioned Costs

This matter does not involve costs.

#### Cause of Condition

The County did not monitor the activities of its subrecipients to ensure that subrecipients are using federal awards for authorized purposes in compliance with laws, regulations, and the provisions of contracts and grant agreements.

#### Effect of Condition

The County is responsible for a subrecipient's compliance with laws, regulations, and contracts, including OMB A-133. If the County does not monitor its subrecipients regularly, the County could ultimately be held responsible for a subrecipient's noncompliance with Single Audit requirements.

#### Recommendation

We recommend the County prepare policies and procedures for monitoring its subrecipients and ensuring that these monitoring procedures are conducted. We further recommend that the County develop a monitoring checklist for these procedures. The U.S. Department of Labor and Workforce Investment Act Fiscal and Procurement Administration On-Site Monitoring Guide may be a good source for consultation.

#### Views of Responsible Official and Planned Corrective Action

We are aware of this issue and have taken action by assigning our Internal Auditor to develop a checklist and monitor this component unit.

**COUNTY OF MADERA**

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

<b>Reference Number</b>	2013-006
<b>Federal Program Title</b>	Child Support Enforcement
<b>CFDA Number</b>	93.563
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Entity</b>	State Department of Child Support Services
<b>Compliance Requirement</b>	Activities allowed or Unallowed and Allowable Costs/Cost Principles

Recommendation

When reviewing and approving employee hours recorded on timesheets, we recommend that supervisory personnel review and compare the timesheet to the payroll registers to ensure that the all employees time is recorded and reported properly with the Department's accounting system.

Status

Implemented.