

COUNTY OF NEVADA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2014

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COUNTY OF LAKE

Single Audit Report
For the Year Ended June 30, 2014

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

To the Honorable Members of the
Board of Supervisors and Grand Jury
County of Nevada
Nevada City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Nevada (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 December 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Members of the
Board of Supervisors and Grand Jury
County of Nevada

Purpose of this Report

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

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

Roseville, California
December 30, 2014

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

To the Honorable Members of the
Board of Supervisors and Grand Jury
County of Nevada
Nevada City, California a

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

To the Honorable Members of the
Board of Supervisors and Grand Jury
County of Nevada

Report on Internal Control Over Compliance

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

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

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

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses are 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.

To the Honorable Members of the
Board of Supervisors and Grand Jury
County of Nevada

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, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2014, and have issued our report thereon dated December 30, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

Supplementary Schedules

The Supplementary Schedule of the California Emergency Management Agency Grants Expenditures has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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Roseville, California
December 30, 2014

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COUNTY OF NEVADA

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Rural Housing Preservation Grants	10.433	--	\$ 4,052
Passed through State Department of Education:			
National School Lunch Program	10.555	02022	64,149
Passed through State Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	13-20530	197,507
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	CEC-29-2012	1,275,935
Subtotal CFDA 10.561			<u>1,473,442</u>
Passed through CA Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	<u>704,151</u>
Passed through CA Department of Food and Agriculture:			
Plant and Animal Disease	10.025		29,260
Technical Assistance for Specialty Crops	10.604		942
Forest Health Protection	10.680		68,074
Passed through the CA State Controller's Office:			
Schools and Roads - Grants to States			
Title I Federal Forest Reserve	10.665		<u>636,087</u>
Total U.S. Department of Agriculture			\$ <u>2,980,157</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	13 CDBG 8931	27,810
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	Beg. Outstanding Loans	1,788,036
Subtotal CFDA 14.228			<u>1,815,846</u>
Home Investment Partnership Program	14.239	11-HOME-7667	262,400
Home Investment Partnership Program	14.239	Beg. Outstanding Loans	2,347,570
Subtotal CFDA 14.229			<u>2,609,970</u>
Supportive Housing Program	14.235	CA1093BT151100	33,642
Supportive Housing Program	14.235	CA1093L9T151201	44,756
Subtotal CFDA 14.235			<u>78,398</u>
Shelter Plus Care	14.238	CA0978C9T151000	48,730
Housing Opportunities for Persons with AIDS	14.241	13-20425	25,978
Total U.S. Department of Housing and Urban Development			\$ <u>4,578,922</u>
<u>U.S. Department of the Interior</u>			
Direct Program			
Payments in Lieu of Taxes	15.226	--	<u>348,890</u>
Total U.S. Department of the Interior			\$ <u>348,890</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
Passed through Board of State and Community Corrections:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 616-12	\$ 22,567
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 616-13	70,380
Subtotal CFDA 16.738			<u>92,947</u>
Crime Victim Assistance	16.575	UV 1203 0290	53,565
Crime Victim Assistance	16.575	UV 1304 0290	76,864
Crime Victim Assistance	16.575	VW 1327 0290	72,861
Subtotal CFDA 16.575			<u>203,290</u>
Passed through Department of Drug Enforcement Agency:			
Drug Court Discretionary Grant Program	16.001	2012-35	8,776
Drug Court Discretionary Grant Program	16.001	2013-37	33,942
Subtotal CFDA 16.001			<u>42,718</u>
Total U.S. Department of Justice			<u>\$ 338,955</u>
<u>U.S. Department of Transportation</u>			
Passed through Federal Aviation Administration:			
Airport Improvement Program	20.106	AIP 3-06-0095-15	90,931
Passed through CA State Department of Transportation:			
Formula Grants for Other Than Urbanized Areas	20.509	Pending	350,000
Formula Grants for Other Than Urbanized Areas	20.516	642612	104,861
Passed through California Office of Emergency Services:			
Hazardous Materials Emergency Preparedness	20.703	14HMEP-3451-301-009	4,761
Highway Planning and Construction	20.205	BRLO-5917(045)	26,899
Highway Planning and Construction	20.205	BHLO-5917(040)	423,895
Highway Planning and Construction	20.205	BRLO-5917(069)	235,826
Highway Planning and Construction	20.205	BRLOZA-5917(076)	90,229
Highway Planning and Construction	20.205	CML-5917(070)	127,811
Highway Planning and Construction	20.205	HRRRL-5917(074)	227,979
Highway Planning and Construction	20.205	HRRRL-5917(075)	27,400
Highway Planning and Construction	20.205	HRRRL-5917(088)	10,691
Highway Planning and Construction	20.205	HSIP-5917(053)	3,036
Highway Planning and Construction	20.205	-	1,291
Subtotal CFDA 20.205			<u>1,175,057</u>
Total U.S. Department of Transportation			<u>\$ 1,725,610</u>
<u>U.S. Institute of Museum and Library Services</u>			
Passed through the California State Library			
Library Services and Technical Assistance	45.310		25,500
Total U.S. Institute of Museum and Library Services			<u>\$25,500</u>
<u>U.S. Department of Education</u>			
Passed through Grass Valley School District:			
Safe Schools, Healthy Students	84.184		86,999
Total U.S. Department of Education			<u>\$ 86,999</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through CA Secretary of State:			
HAVA Polling Place	93.617	13G26118	\$ 5,989
Passed through State Department of Social Services:			
KinGap IV-E	93.090	CEC-29-2013	1,625
Promoting Safe and Stable Families	93.556	CEC-29-2013	49,814
Community-Based Child Abuse Prevention Grants	93.590	None	30,330
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CEC-29-2013	30,428
Social Services Block Grant	93.667	CEC-29-2013	218,090
Chafee Foster Care Independence Program	93.674	CEC-29-2013	32,731
Temporary Assistance for Needy Families	93.558	CEC-29-2013	2,981,870
Temporary Assistance for Needy Families	93.558	800-29-2013	1,090,530
Subtotal CFDA 93.558			<u>4,072,400</u>
Foster Care - Title IV-E	93.658	CEC-29-2013	611,433
Foster Care - Title IV-E	93.658	800-29-2013	760,400
Subtotal CFDA 93.658			<u>1,371,833</u>
Adoption Assistance	93.659	CEC-29-2013	7,423
Adoption Assistance	93.659	800-29-2013	942,748
Subtotal CFDA 93.659			<u>950,171</u>
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563	Sierra-Nevada	1,618,670
Passed through State Department of Aging:			
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	78-09-29-14	53,278
Subtotal CFDA 93.044			<u>53,278</u>
Passed through CA Department of Health Care Services:			
Public Health Emergency Preparedness	93.069	EPO 13-31	201,997
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	11-10402	16,085
Immunization Cooperative Agreements	93.268	13-20336	35,646
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	201329	724,826
ARRA Electronic Health Information Technology	93.719		63,750
National Bioterrorism Hospital Preparedness Program	93.889	EPO 13-31	170,661
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	D04RH23569	172,410
HIV Care Formula Grants	93.917	13-20063	38,322
Maternal and Child Health Services Block Grant to the States	93.994	201329	101,434
Medical Assistance Program	93.778	09-86032	93,270
Medical Assistance Program	93.778	12-89220	112,132
Medical Assistance Program	93.778	CHDP	149,137
Medical Assistance Program	93.778	CCS	168,123
Medical Assistance Program	93.778	HCPCFC	70,411
Medical Assistance Program	93.778	IHSS	297,524
Subtotal CFDA 93.778			<u>890,597</u>
Passed through State Department of Mental Health Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	C292908	15,207
Block Grants for Community Mental Health Services	93.243	C292908	86,127

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u> (continued)			
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA29	\$ 552,336
Passed through California Family Health Council, Inc.:			
Family Planning - Services	93.217	9903-5320-71209-14	43,847
Family Planning - Services	93.217	9903-5320-71209-13	58,013
Subtotal CFDA 93.217			<u>101,860</u>
Passed through State Department of Community Services and Development:			
ARRA - Community Services Block Grant	93.569	13F3029	140,335
Community Services Block Grant	93.569	14F3029	71,320
Subtotal CFDA 93.569			<u>211,655</u>
Total U.S. Department of Health and Human Services			<u>\$ 11,818,272</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Office of Emergency Services:			
Emergency Management Performance Grants	97.042	2012-0047	144,747
Homeland Security Grant Program	97.067	2010-0085	
Homeland Security Grant Program	97.067	2011-0077	36,118
Homeland Security Grant Program	97.067	2012-00123	40,752
Homeland Security Grant Program	97.067	2013-00110	89,233
Subtotal CFDA 97.067			<u>166,103</u>
Total U.S. Department of Homeland Security			<u>\$ 310,850</u>
Total Expenditures of Federal Awards			<u>\$ 22,214,155</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

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 Nevada. The County of Nevada'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.

In accordance with requirements under U.S. Office of Management and Budget (OMB) Circular A-133, expenditures for federal awards under the American Recovery and Reinvestment Act of 2009 (ARRA) are separately identified in the schedule by inclusion of the prefix "ARRA" or Recovery in identifying the name of the federal program on the schedule of expenditures of federal awards.

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 accounting principles generally accepted in the United States of America. For program expenditures accounted for in governmental funds, the modified accrual basis of accounting is used and for program expenditures accounted for in proprietary funds, the accrual basis of accounting is used. Such expenditures are recognized following the cost principles contained in OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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 Nevada provided federal awards to subrecipients as follows:

Federal CFDA	Program Title	Amount Provided to Subrecipients
14.228	Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	\$ 7,505
93.556	Promoting Safe & Stable Families	29,000
93.558	Temporary Assistance for Needy Families	410,749
93.569	Community Service Block Grant	31,129
93.590	Community Based Child Abuse Prevention Grants	27,493
93.674	Chafee Foster Care Independent Program	60,000

COUNTY OF NEVADA

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

NOTE 5: 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 6: 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	\$ 1,788,036	\$ -	\$ 1,436,795
14.229	HOME Investment Partnerships Program	2,347,570	237,751	2,090,271

COUNTY OF NEVADA

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

Section 1 – Summary of Audit Results

Financial Statements

Summary of Auditor's Results

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

CFDA Number

Name of Federal Program

- | | |
|---|--|
| 10.561 | State Administrative Matching Grants for The Supplemental Nutrition Assistance Program |
| 14.228 | Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii |
| 14.239 | Home Investment Partnerships Program |
| 20.205 | Highway Planning and Construction |
| 93.558 | Temporary Assistance for Needy Families |
| 93.658 | Foster Care – Title IV-E |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$666,425 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

None Reported

COUNTY OF NEVADA

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

Section 3

Federal Award Findings and Questioned Costs

CFDA Number 93.558	2014-001
CFDA Number 93.558	2014-002
CFDA Number 93.558	2014-003

COUNTY OF NEVADA

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

Reference Number	2014-001
Federal Program Title	Temporary Assistance to Needy Families
CFDA Number	93.558
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	State Department of Social Services
Compliance Requirement	Eligibility

Criteria

As required by §1137 of the Social Security Act, income and benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits or services.

Condition

During our testing of the special tests and provisions – IEVS compliance requirement for eligibility, we noted six cases in which recipients IEVS search results showed earning clearance item from the previous year with a status as “in review.”

Cause

The County did not monitor the IEVS search results to ensure the individuals receiving federal funds were entitled to the benefits.

Effect of Condition

The IEVS system is an elaborate, federally-mandated system which compiles government information for the purpose of tracking federal program eligibility data. Not requesting and using IEVS in eligibility determination can result in individuals receiving benefits to which they are not entitled.

Questioned Costs

No costs are questioned.

Recommendation

We recommend that the Department review this omission to request, review, and compare the IEVS to information in the case record. We recommend that the Department attempt to determine why the current results for the IEVS were not updated in the system.

Management Response

Staff will be instructed to make a focused effort regarding requesting, reviewing and comparing IEVS data to information in case records during the intake and continuing eligibility process. Staff will also be instructed to make an effort to complete any cases that are currently in “review” status.

COUNTY OF NEVADA

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

Reference Number	2014-002
Federal Program Title	Temporary Assistance to Needy Families
CFDA Number	93.558
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	State Department of Social Services
Compliance Requirement	Eligibility

Criteria

Any family that includes an adult, minor child head of household or a spouse of the head of household who has received assistance under any State program funded by federal TANF funds for sixty months (whether or not consecutive) is ineligible for additional federally funded TANF assistance. Certain exemptions apply in counting the months on Federal TANF assistance. The County's uses an automated tracking system to evaluate this sixty-month, time-on-aid limit. When cases near the TANF sixty month, time-on-aid limit, the "clock" must be reviewed to determine whether or not any adjustments for exempt/nonexempt months is warranted. The case must be set to transfer to state only funding at the end of the TANF sixty-months, time-on-aid limit.

Condition

During our eligibility testing compliance requirement, we noted one case in which the 60 month tracking limit for federal aid had been exceeded.

Cause

The required review of the 60 month tracking clock had not been performed effectively.

Effect of Condition

Not completing the sixty-month, time-on-aid tracking can result in individuals receiving federal TANF assistance for more than sixty months in violation of federal law.

Questioned Costs

Questioned costs were computed to be \$1,470. The computation was based on the benefit amount received of \$490 for a period of three months.

Recommendation

We recommend that the County review its current system of ensuring that the sixty-month, time-on-aid limit is not exceeded and determine whether or not training, a review process and/or a revision to the system is warranted.

Management Response

The County has reviewed the cited case and concludes the cause of the error was out of the County's control. The County staff had entered the information in the case correctly but the electronic record keeping system used did not process the information correctly. This issue was reported appropriately to the software program administrator. The County will continue to monitor the 60 month time clock as appropriate.

COUNTY OF NEVADA

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

Reference Number	2014-003
Federal Program Title	Temporary Assistance to Needy Families
CFDA Number	93.558
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	State Department of Social Services
Compliance Requirement	Eligibility

Criteria

The California State Department of Social Services in the administration of the California State Plan for Temporary Assistance of Needy Families (TANF) adopted regulations for the administration of the State Plan and published these regulations in the California Department of Social Services Manual of Policies and Procedures. These regulations require that an individual applying for TANF provide a birth certificate or other enumerated, alternate documents to show birth, age, and citizenship.

Condition

During our eligibility testing, we noted three cases where the case files did not contain a birth certificate or other enumerated, alternate documents under the California Department of Social Services Manual of Policies and Procedures, to show birth, age, and citizenship for the individuals under the case to ensure that TANF applicants were eligible.

Cause

It appears the County neglected to make the individuals applying for Federal assistance provide a legal document proving they are citizens of the United States prior to providing them assistance from Federal funds. Taking into account the number of individuals aided on a case that were missing birth certificates in comparison to the total payments tested there was about a 4.4% error rate.

Effect of Condition

Birth certificates or acceptable alternative documents provide vital and reliable information about TANF applicants. Without such documents to prove applicant's birth, citizenship and age, fraud in the number of individuals in a family, critical age distinctions, and possibly citizenship may be difficult to detect, resulting in individuals being granted TANF benefits to which they are not entitled under federal law.

Questioned Costs

No costs are questioned. Additional information was provided to confirm that the noted individuals were eligible.

Recommendation

We recommend that the County review the requirement of obtaining the required legal documents to establish an individual's citizenship prior to awarding Federal Temporary Assistance for Needy Families (TANF) eligibility with County personnel who initiate TANF eligibility applications and keep the documents in the case file.

Management Response

The Department has reviewed the cited cases and its current system of obtaining the required legal documents to establish an individual's citizenship prior to awarding Federal TANF eligibility. Additional training has been administered to eligibility staff to address this issue.

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COUNTY OF NEVADA

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

Reference Number	13-SA-01
Federal Program Title	Home Investment Partnership Program
CFDA Number	14.239
Federal Agency	U.S. Department of Housing and Urban Development
Pass Through Entity	State Department of Housing and Community Development

Recommendation:

During our audit of HOME loans receivable files, we noted that documentation of homeowner's insurance was missing from four of the ten files tested.

Status:

Implemented

Reference Number	13-SA-02
Federal Program Title	Foster Care – Title IV-E
CFDA Number	93.658
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	State Department of Social Services

Recommendation:

We recommend that County require that the FC 3's be signed by the Eligibility Worker and that this person check the appropriate box showing determination of the recipient eligibility on the bottom of this form. We also recommend that the County incorporate into their review process procedures to ensure that the FC 3's are properly completed and executed.

Status:

Test work performed during the audit did not indicate any deficiencies in this area.

Reference Number	13-SA-03
Federal Program Title	Foster Care – Title IV-E
CFDA Number	93.658
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	State Department of Social Services

Recommendation:

We recommend that the County require that the FC-2's be signed by the Eligibility Worker and that this person check the appropriate box showing determination of eligibility on this form. We also recommend that the County incorporate into their review process procedures to ensure that the FC-2's are properly completed and executed.

Status:

Test work performed during the audit did not indicate any deficiencies in this area.

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COUNTY OF NEVADA

Schedule of the California Emergency Management Agency and the Board of State and Community Corrections Grants Expenditures Fro the Year Ended June 30, 2014

Program	Expenditures Claimed			Shares of Expenditures Current Year		
	For the Period Through June 30, 2013	For the Year Ended June 30, 2014	Cumulative As of June 30, 2014	Federal Share	State Share	County Share
Grant Name; Contract #:	VW12260290	VW13270290				
Personal services	\$ 121,939	\$ 121,939	\$ 243,878	\$ 53,565	\$ 68,374	\$ --
Total	<u>\$ 121,939</u>	<u>\$ 121,939</u>	<u>\$ 243,878</u>	<u>\$ 53,565</u>	<u>\$ 68,374</u>	<u>\$ --</u>
Grant Name; Contract #:	UV12030290	UV12030290				
Personal services	\$ 38,009	\$ 72,292	\$ 110,301	\$ 54,786	\$ --	\$ 17,506
Operating expenses	12,070	18,075	30,145	18,075	--	--
Total	<u>\$ 50,079</u>	<u>\$ 90,367</u>	<u>\$ 140,446</u>	<u>\$ 72,861</u>	<u>\$ --</u>	<u>\$ 17,506</u>
Grant Name; Contract #:		UV13040290				
Personal services	\$ --	\$ 72,270	\$ 72,270	\$ 54,005	\$ --	\$ 18,265
Operating expenses	--	22,859	22,859	22,859	--	--
Total	<u>\$ --</u>	<u>\$ 95,129</u>	<u>\$ 95,129</u>	<u>\$ 76,864</u>	<u>\$ --</u>	<u>\$ 18,265</u>

COUNTY OF NEVADA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 13F-3029 (CSBG - \$248,968) and 14F-3029, (CSBG - \$252,163)
For the Period July 1, 2013 through June 30, 2014

	Contract No. 13F-3029			Contract No. 14F-3029		
	July 1, 2013 through December 31, 2013	Add Unearned Revenue Used	Totals	January 1, 2014 through June 30, 2014	Less Unearned Revenue	Totals
<u>Revenue</u>						
Grant revenue	\$ 109,499	\$ 31,836	\$ 141,335	\$ 81,549	\$ (10,229)	\$ 71,320
Interest income	24	--	24	82	--	82
Total Revenue	<u>\$ 109,523</u>	<u>\$ 31,836</u>	<u>\$ 141,359</u>	<u>\$ 81,631</u>	<u>\$ (10,229)</u>	<u>\$ 71,402</u>
<u>Expenditures</u>						
Administrative Costs:						
Salaries and wages	\$ 10,291	\$ --	\$ 10,291	\$ 14,702	\$ --	\$ 14,702
Fringe benefits	5,845	--	5,845	8,894	--	8,894
Other costs	36,317	--	36,317	25,472	--	25,472
Subtotal Administrative Costs	<u>52,453</u>	<u>--</u>	<u>52,453</u>	<u>49,068</u>	<u>--</u>	<u>49,068</u>
Program Costs:						
Salaries and wages	2,015	--	2,015	11,248	--	11,248
Fringe benefits	2,196	--	2,196	6,686	--	6,686
Consumable supplies	5,901	--	5,901	4,318	--	4,318
Consultant services	77,770	--	77,770	--	--	--
Subtotal Program Costs	<u>87,882</u>	<u>--</u>	<u>87,882</u>	<u>22,252</u>	<u>--</u>	<u>22,252</u>
Total Expenditures	<u>\$ 140,335</u>	<u>\$ --</u>	<u>\$ 140,335</u>	<u>\$ 71,320</u>	<u>\$ --</u>	<u>\$ 71,320</u>