

COUNTY OF TUOLUMNE, CALIFORNIA

Single Audit Reports

For the Year Ended June 30, 2016



Certified
Public
Accountants

COUNTY OF TUOLUMNE, CALIFORNIA
For the Year Ended June 30, 2016

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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Supervisors
and Grand Jury
County of Tuolumne
Sonora, 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, each major fund, and the aggregate remaining fund information of the County of Tuolumne, California (County), as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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*.

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 dark ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 27, 2016



**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Supervisors
and Grand Jury
County of Tuolumne
Sonora, California

Report on Compliance for Each Major Federal Program

We have audited the County of Tuolumne, California's (County) 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, 2016. 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, 2016.

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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 27, 2016, which contained unmodified opinions on those 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Sacramento, California
March 3, 2017

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<u>Federal Grantor</u>				
Pass Through Grantor (if not direct)	CFDA	Grant No./	Expenditures	Subrecipient
Program Title	No.	Project ID	/Expenses	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct:				
U.S. Forest Service Communications	10.unknown	11-LE-11051360-340	\$ 3,000	\$ -
Law Enforcement - USFS	10.unknown	12-LE-11051360-018	31,825	-
U.S Forest Service	10.unknown	14-PA-11051600-028	50,846	-
U.S Forest Service Emergency Airport Use	10.unknown	N/A	2,100	-
Passed through California Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0166	430	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0433	8,836	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0435	6,789	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0511	2,103	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0431	14,836	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0451	3,032	-
Total Plant and Animal Disease, Pest Control, and Animal Care			36,026	-
Passed through California Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10127	424,901	7,764
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	14-10294	136,572	2,919
Total Special Supplemental Nutrition Program for Women, Infants, and Children			561,473	10,683
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	13-20103	180,175	-
Passed through California Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	141-16-75	1,020,828	-
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			1,201,003	-
Passed through California Department of Forestry & Fire Protection				
Cooperative Forestry Assistance	10.664	7FG14138	17,124	-
Passed through California Department of Finance:				
Schools and Roads - Grants to States	10.665	US Forest Reserve Title III	82,649	-
Schools and Roads - Grants to States	10.665	US Forest Reserve Title I	502,121	-
Total Schools and Roads - Grants to States			584,770	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,488,167	10,683

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Grantor				
Pass Through Grantor (if not direct)	CFDA	Grant #/	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct:				
Supportive Housing Program	14.235	CA032IL9T261202	\$ 9,875	\$ -
Passed through California Department of Housing and Community Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	13-CDBG-9454	1,764,059	395,514
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	14-CDBG-9901	1,733,467	1,595,081
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			3,497,526	1,990,595
Home Investment Partnerships Program	14.239	12-HOME-8565	1,635	-
Home Investment Partnerships Program	14.239	13-HOME-8992	169,485	-
Home Investment Partnerships Program	14.239	14-HOME-1004	289,666	-
Home Investment Partnerships Program	14.239	14-HOME-9276	696	-
Total Home Investment Partnerships Program			461,482	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			3,968,883	1,990,595
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
Direct:				
Law Enforcement - New Melones	15.unknown	R14PX00288	118,991	-
Payments in Lieu of Taxes	15.226	N/A	2,442,930	-
Distribution of Receipts to State and Local Governments	15.227	US Grazing Fees	829	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR			2,562,750	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct:				
Joint Law Enforcement Operations (JLEO)	16.111	2015-59	29,724	-
State Criminal Alien Assistance Program	16.606	N/A	4,799	-
Bulletproof Vest Partnership Program	16.607	N/A	3,901	-
Passed through California Governor's Office of Emergency Services:				
Crime Victim Assistance	16.575	VW15290550	85,977	-
TOTAL U.S. DEPARTMENT OF JUSTICE			124,401	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct:				
Airport Improvement Program	20.106	3-06-0047-014-2015	178,588	-
Airport Improvement Program	20.106	3-06-0047-015-2015	127,040	-
Total Airport Improvement Program			305,628	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	4701-501	1,326	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

<u>Federal Grantor</u>				
Pass Through Grantor (if not direct)	CFDA	Grant #/	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>				
Passed through California Department of Transportation:				
Highway Planning and Construction	20.205	X16-5932 (088)	\$ 307,574	\$ -
Highway Planning and Construction	20.205	BPMP-5932 (077)	82,507	-
Highway Planning and Construction	20.205	BRLO-5932 (038)	24,989	-
Highway Planning and Construction	20.205	BRLO-5932 (064)	32,009	-
Highway Planning and Construction	20.205	BRLO-5932 (067)	111,953	-
Highway Planning and Construction	20.205	BRLO-5932 (073)	5,925	-
Highway Planning and Construction	20.205	BRLO-5932 (074)	15,993	-
Highway Planning and Construction	20.205	BRLS-5932 (078)	34,365	-
Highway Planning and Construction	20.205	BRLO-5932 (079)	115,440	-
Highway Planning and Construction	20.205	BRLS-5932 (039)	302,916	-
Highway Planning and Construction	20.205	CML-5932 (084)	11,914	-
Highway Planning and Construction	20.205	HSIPL-5932 (066)	5,426	-
Highway Planning and Construction	20.205	HSIPL-5932 (081)	23,068	-
Highway Planning and Construction	20.205	HSIPL-5932 (082)	29,468	-
Highway Planning and Construction	20.205	HSIPL-5932 (083)	92,058	-
Highway Planning and Construction	20.205	RPSTPLE-5932 (052)	258,224	-
Total Highway Planning and Construction			<u>1,453,829</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1,760,783</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through California Department of Public Health:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14-10557	282,049	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14-10935	15,708	-
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			297,757	-
Immunization Cooperative Agreements	93.268	13-23054	58,214	-
Maternal and Child Health Services Block Grant to the States	93.994	2013-55	92,826	-
Passed through California Department of Social Services:				
Promoting Safe and Stable Families	93.556	151-25-30	26,746	5,558
Temporary Assistance for Needy Families	93.558	151-25-30	2,568,582	395,518
Stephanie Tubbs Jones Child Welfare Services Program	93.645	151-25-30	54,367	-
Foster Care _Title IV-E	93.658	141-16-75	1,592,331	-
Adoption Assistance	93.659	151-25-30	1,285,956	-
Social Services Block Grant	93.667	151-25-30	114,210	-
Child Abuse and Neglect State Grants	93.669	CBCAP	20,054	20,054
Chafee Foster Care Independence Program	93.674	151-25-30	27,780	-
Passed through Office of Secretary of State:				
Voting Access for Individuals with Disabilities _Grants to States	93.617	14G26149	39,403	-
Passed through YES Partnership/Amador-Tuolumne Community Action Agency:				
ARRA - Early Head Start	93.709	Not Available	600	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

<u>Federal Grantor</u>				
Pass Through Grantor (if not direct)	CFDA	Grant #/	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>				
Passed through California Department of Health Care Services:				
Medical Assistance Program	93.778	CHDP	88,295	-
Medical Assistance Program	93.778	HCPC	33,281	-
Medical Assistance Program	93.778	CCS-Admin	111,928	-
Medical Assistance Program	93.778	GEMT	75,000	-
Medical Assistance Program	93.778	Not Available	1,298,716	-
Medical Assistance Program	93.778	111-25-15	442,266	-
Medical Assistance Program	93.778	151-25-30	232,086	-
Total Medical Assistance Program			2,281,572	-
Passed through California Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA55	13,500	6,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	14-90114	415,448	92,444
Total Block Grants for Prevention and Treatment of Substance Abuse			428,948	98,444
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			8,889,346	519,574
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct:				
Staffing for Adequate Fire emergency Response (SAFER)	97.083	EMW-2012-FH-00204	151,761	-
Staffing for Adequate Fire emergency Response (SAFER)	97.083	EMW-2013-FH-00520	89,082	-
Total Staffing for Adequate Fire emergency Response (SAFER)			240,843	-
Passed through California Governor's Office of Emergency Services:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-FM-5111-FM-CA	78,023	-
Emergency Management Performance Grants	97.042	2015-0049	136,228	-
Homeland Security Grant Program	97.067	2015-00078	195,377	-
Passed through California Emergency Management Agency				
Pre-Disaster Mitigation	97.047	2011-0002	7,638	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			658,109	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 20,452,439	\$ 2,520,852

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

COUNTY OF TUOLUMNE, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

NOTE A – GENERAL

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

NOTE B – BASIS OF ACCOUNTING

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

NOTE C – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)

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

NOTE D – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal expenditures/expenses materially agree to or can be reconciled with the amounts reported in the County's basic financial statements.

NOTE E – PASS-THROUGH ENTITY IDENTIFYING NUMBERS

The County has included in the Schedule under Grant No./Project ID the identifying numbers for pass-through grants when such information has been provided by the pass-through entities. For grants that the County was not provided with such information by the pass-through entities, the County has indicated the pass-through identifying numbers as "Not Available".

NOTE F – DE MINIMIS INDIRECT COST RATE

For non-federal entities who have never received a negotiated rate, a de minimis rate of 10 percent of modified total direct costs may be used indefinitely as defined in Uniform Guidance section 200.414. The County has not elected to use the 10 percent de minimis indirect cost rate.

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
15.226	Payments in Lieu of Taxes
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

Financial Statement Findings

2015-001 – Deficit Internal Service Funds

Criteria:

Under generally accepted accounting principles, the use of an internal service fund is voluntary and internal service funds are expressly designed to function as *cost-reimbursement devices*. That is, an internal service fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can subsequently be allocated to the benefitting funds in the form of fees and charges. If the government does not intend to recover the full cost of services of an activity accounted for in an internal service fund over a reasonable period of time, then the government should not report the activity in an internal service fund for financial reporting purposes.

Condition:

The County is not charging County funds their share of the County's costs accumulating in its Workers' Compensation, Employee Leave Liability, and Post Retirement Insurance internal service funds.

Context:

The Workers' Compensation, Employee Leave Liability, and Post Retirement Insurance internal service funds' net position balances were deficits of \$1,515,812, \$6,315,838, and \$11,661,801, respectively, as of June 30, 2015.

Effect:

This condition resulted in the County accumulating large deficits in these internal services funds, and therefore over-reporting the equity position of other County funds that are using these services, but not being charged for them.

Cause:

The County is only charging County funds their share of the cash basis amounts of the County's Workers' Compensation, Employee Leave Liability, and Post Retirement Insurance costs.

Recommendation:

Under generally accepted accounting principles, if the County elects to continue to report certain activities in internal service funds, then the County should begin charging County funds their share of the Workers' Compensation, Employee Leave Liability, and Post Retirement Insurance costs. Alternatively, if the County does not intend to recover such costs over a reasonable period of time, then the County should not report the activity in an internal service fund for financial reporting purposes.

Management Response and Corrective Action:

Management has been increasing annually charges to departments for these charges and has a plan to reduce the deficits within five years. For the Employee Leave Liability Fund, lower ceiling on accruals have been in place for new employees since 2011 reducing future large pay outs.

Status:

The Workers' Compensation and Employee Leave Liability internal service funds' net position balances improved to deficits of \$827,439 and \$4,989,026, respectively, as management's corrective action appears to be working. In addition, the County changed its accounting by no longer reporting its OPEB obligation in the Post Retirement Insurance internal service fund, and as a result its net position improved to a positive \$4,798,238. Therefore, the recommendation is considered implemented.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2016

Federal Award Findings and Questioned Costs

Reference Number:	2015-002
Type of Finding:	Significant Deficiency
Federal Program Title:	Foster Care – Title IV-E
Federal Catalog Number:	93.658
Pass-Through Agency:	California Department of Social Services
Award Number and Year:	141-16-75; 2014-15
Federal Agency:	U.S. Department of Health and Human Services
Category of Finding:	Eligibility

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition:

Three cases did not have a signature on the Determination of Federal AFDC-FC Eligibility (FC3) form, and two cases were missing the FC3 form.

Questioned Costs:

As the County subsequently examined the five cases and found the recipients to all be eligible, no questioned costs are associated with this condition.

Context:

Fifty-one Foster Care cases were examined out of a population of 114 cases. The total amount paid for the months tested for the five recipients was \$6,423 out of \$64,998 tested in total. The total amount paid to recipients during the year was \$560,272.

Effect:

A missing or unsigned FC3 could lead to an ineligible recipient receiving aid.

Cause:

As part of the County's controls in a child's determination of federal eligibility, a Foster Care Eligibility Worker completes and signs the Determination of Federal AFDC-FC Eligibility form.

Recommendation:

The County should adhere to controls set in place over eligibility determination to ensure compliance with Federal requirements.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2016

Federal Award Findings and Questioned Costs (Continued)

Management Response and Corrective Action:

Management has established a new review process of case files to ensure all requirements are met.

Planned Corrective Action submitted to the California Department of Social Services (via letter dated May 11, 2016) –

In order to ensure the Determination of Federal AFDC-FC Eligibility, FC3 form is signed and filed in the Foster Care case. Eligibility Staff shall utilize a Foster Care Intake Checklist and sign the checklist. The signed checklist will be placed in the case file. In addition, the Eligibility Supervisor shall conduct random intake case audits to ensure the Determination of Federal AFDC-PC Eligibility (FC3) form is accurate, signed and filed in the case.

Status:

Five Foster Care cases in which the eligibility was initially determined (one) or re-determined (four) between May 11, 2016 and June 30, 2016 were examined with no exceptions noted, however, the Intake Checklist referred to in the County's planned corrective action submitted to the California Department of Social Services was completed only after the file was requested for the audit and there were no indications that random intake case audits were conducted. Therefore, the recommendation is considered partially implemented.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2016

Federal Award Findings and Questioned Costs (Continued)

Reference Number:	2015-003
Type of Finding:	Significant Deficiency and Instance of Noncompliance
Federal Program Title:	Adoption Assistance
Federal Catalog Number:	93.659
Pass-Through Agency:	California Department of Social Services
Award Number and Year:	151-25-30; 2014-15
Federal Agency:	U.S. Department of Health and Human Services
Category of Finding:	Eligibility

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

OMB Compliance Supplement Part 3 Eligibility Compliance Requirements require that benefits be discontinued when the period of eligibility expires. Adoptions Program Regulation Title 22 Division 2 Chapter 3 Subchapter 7 Articles 3(g) states:

(1) Once a child is determined eligible to receive AAP, he or she remains eligible and the subsidy continues unless one of the following occurs:

(A) The child has attained the age of 18 or 21;

1. Payment of the AAP benefit shall terminate in the month in which the child becomes 18 years of age or if the agency has determined that the child has a mental or physical disability that warrants the continuance of assistance, in the month in which the child becomes 21 years of age.

a. Starting January 1, 2012, youth who have an initial AAP agreement signed on or after their 16th birthday and who meet the conditions stated in Welfare and Institutions Code Section 11403, may be eligible for the extension of AAP benefits to the age of 19, the age of 20 effective January 1, 2013, and the age of 21 effective January 1, 2014.

(B) The adoptive parents are no longer legally responsible for the support of the child.

(C) The responsible public agency determines the adoptive parents are no longer providing support to the child.

Condition:

For one case, aid payments did not stop after the child reached the age of 18, and the child did not meet any of the criteria for payments to be continued past the age of 18.

Questioned Costs:

The recipient received \$2,696 in aid after the child turned 18.

Context:

Thirty-seven Adoption Assistance cases were examined out of a population of 191 cases. The amount paid for the month tested for the recipient was \$657 out of \$33,085 tested in total. The total amount paid to recipients during the year was \$1,073,788.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2016

Federal Award Findings and Questioned Costs (Continued)

Effect:

Not discontinuing aid payments in a timely manner resulted in an overpayment of aid.

Cause:

Controls were not followed in this instance.

Recommendation:

The County should adhere to controls set in place over continued eligibility to ensure compliance with Federal requirements.

Management Response and Corrective Action:

Management has established a new review process to ensure all requirements are met.

Planned Corrective Action submitted to the California Department of Social Services (via letter dated May 11, 2016) –

The assigned caseworker's supervisor will conduct random audits to ensure compliance. The County will continue to utilize the three safeguards in place to prevent overpayments of Adoption Assistance. The three safeguards are as follows:

1. The caseworker shall review the monthly report, AAP Youth Aged 17-26, which shows all cases in the age bracket 17-26 years old, their date of birth and their current age.
2. The caseworker shall set a manual task in the SAWS system when the case is initially approved to identify the child's potential discontinuance date and instruct the caseworker to contact the Sacramento Regional Office AAP Social Worker.
3. The caseworker shall review the SAWS system generated task which is auto-assigned to the case worker two months prior to the potential discontinuance date.

Status:

There was just one Adoption Assistance case in which a child turned 18 between May 11, 2016 and June 30, 2016, and it was examined. That examination found that the child turned 18 on June 4, 2016 and did not meet any of the criteria for continued aid past the age of 18, however the County did not stop aid until August 2016, overpaying \$1,246 for July 2016. In addition, there were no indications that random audits were conducted to ensure compliance or that the monthly report, AAP Youth Aged 17-16 was reviewed (safeguard 1) as was communicated in the County's planned corrective action submitted to the California Department of Social Services. However, other cases were observed that indicated the County has set a manual task in the SAWS system when the case is initially approved to identify the child's potential discontinuance date (safeguard 2) and that the SAWS system generates a task that is auto-assigned to the case worker two months prior to the potential discontinuance date (safeguard 3). But it was noted that the SAWS system did generate a task on April 1, 2016 for the one case examined above, two months prior to the child turning 18, however the County still managed to pay aid for July 2016 in error. Therefore, the recommendation is considered not implemented.