

COUNTY OF MENDOCINO
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2017



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COUNTY OF MENDOCINO

Single Audit Report
Year Ended June 30, 2017

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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 Mendocino
Ukiah, 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, each major fund and the aggregate remaining fund information of the County of Mendocino as of and for the year ended June 30, 2017, 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 14, 2017. Our report includes a reference to other auditors who audited the financial statements of Mendocino County Employees' Retirement Association (MCERA), a pension trust fund, as described in our report on the County's financial statements. This report does not include the results of 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 County of Mendocino'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 County of Mendocino's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Mendocino's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [2017-001]

Compliance and Other Matters

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

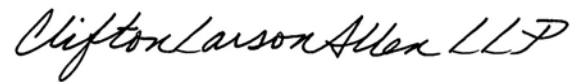
effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Finding

The County of Mendocino's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Mendocino'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 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.



CliftonLarsonAllen LLP

Roseville, California
December 14, 2017



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Supervisors
County of Mendocino
Ukiah, California

Report on Compliance for Each Major Federal Program

We have audited County of Mendocino's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Mendocino's major federal programs for the year ended June 30, 2017. County of Mendocino's major federal programs are identified in the summary of auditors' 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 County of Mendocino'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 County of Mendocino'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 County of Mendocino's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Mendocino 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2017-002 & 2017-003]. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of County of Mendocino 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 County of Mendocino'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 County of Mendocino'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 have not been 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item [2017-003] to be a material weakness.

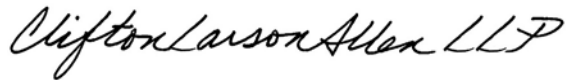
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item [2017-002] to be a significant deficiency.

County of Mendocino's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. County of Mendocino's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Mendocino as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise County of Mendocino's basic financial statements. We issued our report thereon dated December 14, 2017, which contained unmodified opinions on those financial statements. We did not audit the financial statements of Mendocino County Employees' Retirement Association (MCERA), a pension trust fund. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for MCERA, are based solely on the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.



CliftonLarsonAllen LLP

Roseville, California
December 14, 2017

COUNTY OF MENDOCINO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Pass-Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care:				
Pierce's Disease Control Program	10.025	16-0363-SF	\$ 17,261	\$ -
Sudden Oak Death	10.025	16-0387-SF	9,881	-
European Grapevine Moth Trapping	10.025	15-0592-SF	42,042	-
European Grapevine Moth Trapping	10.025	16-0657-SF	68,632	-
Light Brown Apple Moth Trapping	10.025	16-0443-SF	352	-
Light Brown Apple Moth Trapping	10.025	15-0505-SF	651	-
Subtotal CFDA 10.025			<u>138,819</u>	<u>-</u>
Passed through State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program	10.561	--	2,242,277	-
SNAP Ed CDPH-NEOP Branch Admin Costs	10.561	16-10152	322,965	70,134
Subtotal CFDA 10.561			<u>2,565,242</u>	<u>70,134</u>
Passed through State Department of Health Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (Admin Costs)				
	10.557	15-10071	844,698	2,488
Direct Program				
USDA Forest Service	10.788		5,259	-
Total U.S. Department of Agriculture			<u>\$ 3,554,018</u>	<u>\$ 72,622</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct program:				
Supportive Housing Program-Transitional Housing	14.235	--	50,716	50,716
Supportive Housing Program-Seamless Transitional Empowerment Program	14.235	--	26,573	26,573
Subtotal CFDA 14.235			<u>77,289</u>	<u>77,289</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 77,289</u>	<u>\$ 77,289</u>
<u>U.S. Department of Interior</u>				
Direct program:				
Federal Grazing Fee	15.000	10-95348	1,819	-
Total U.S. Department of Interior			<u>\$ 1,819</u>	<u>\$ -</u>
Direct programs:				
Cannabis Eradication	16.922	--	70,000	-
Organized Crime Drug Enforcement Task Force	16.110	--	5,264	-
Byrne Justice Assistance Grant Program	16.738	--	92,369	-
Subtotal Direct			<u>167,633</u>	<u>-</u>
Passed through California Emergency Management Agency:				
Victim Witness Assistance Program	16.575	VW16350230	150,914	-
Underserved Victim Advocacy and Outreach Program	16.575	XV15010230	131,325	-
Total U.S. Department of Justice			<u>\$ 449,872</u>	<u>\$ -</u>

COUNTY OF MENDOCINO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Pass-Through to Subrecipients
<u>U.S. Department of Labor</u>				
Passed through State Employment Development Department:				
Workforce Investment Act (Title 1 Adult Formula)	17.258	--	\$ 353,865	\$ 316,105
Workforce Investment Act (Title 1 Youth Formula)	17.259	--	279,501	245,677
Workforce Investment Act (Title 1 Dislocated Worker)	17.278	--	<u>223,637</u>	<u>201,071</u>
Total - Workforce Investment Act Cluster			<u>857,003</u>	<u>762,853</u>
 Total U.S. Department of Labor			 <u>\$ 857,003</u>	 <u>\$ 762,853</u>
<u>U.S. Department of Transportation</u>				
Direct program:				
Airport Improvement Program	20.106		12,509	-
Airport Improvement Program	20.106		<u>100,397</u>	<u>-</u>
Subtotal CFDA 20.106			<u>112,906</u>	<u>-</u>
Passed through State Department of Transportation:				
Highway Planning and Construction	20.205	BRLSZD 5910(039)	362,479	-
Highway Planning and Construction	20.205	BRLSZD 5910(042)	1,284,497	-
Highway Planning and Construction	20.205	BRLSZD 5910(102)	11,859	-
Highway Planning and Construction	20.205	BRLSZD 5910(109)	4,329	-
Highway Planning and Construction	20.205	BRLRT 5910(041)	20,330	-
Highway Planning and Construction	20.205	BHLS 5910(081)	321,972	-
Highway Planning and Construction	20.205	RPSTPLE 5910(089)	14,000	-
Highway Planning and Construction	20.205	BRLO 5910(096)	29,387	-
Highway Planning and Construction	20.205	BRLO 5910(077)	79,985	-
Highway Planning and Construction	20.205	BRLO 5910(076)	34,742	-
Highway Planning and Construction	20.205	BRLO 5910(083)	1,284,119	-
Highway Planning and Construction	20.205	BRLO 5910(084)	84,914	-
Highway Planning and Construction	20.205	BRLO 5910(086)	94,336	-
Highway Planning and Construction	20.205	BRLO 5910(085)	27,189	-
Highway Planning and Construction	20.205	BRLO 5910(091)	135,156	-
Highway Planning and Construction	20.205	BRLO 5910(093)	121,906	-
Highway Planning and Construction	20.205	BRLO 5910(099)	59,961	-
Highway Planning and Construction	20.205	BRLO 5910(100)	7,955	-
Highway Planning and Construction	20.205	BRLO 5910(106)	109,072	-
Highway Planning and Construction	20.205	BRLO 5910(110)	2,960	-
Highway Planning and Construction	20.205	ER3R00(012)PR	488	-
Highway Planning and Construction	20.205	ER 20A1(007)PR	328,601	-
Highway Planning and Construction	20.205	ER 32L0(010)EO	221,986	-
Highway Planning and Construction	20.205	ER 32L0(032)PR	32,434	-
Highway Planning and Construction	20.205	ER 32L0(077)EO	21,239	-
Highway Planning and Construction	20.205	ER 32L0(078)PR	12,057	-
Highway Planning and Construction	20.205	ER 32L0(029)PR	18,865	-
Highway Planning and Construction	20.205	ER 32L0(028)PR	788	-
Highway Planning and Construction	20.205	ER 32L0(027)PR	2,667	-
Highway Planning and Construction	20.205	ER 32L0(075)PR	231	-
Highway Planning and Construction	20.205	ER 32L0(026)PR	1,763	-
Highway Planning and Construction	20.205	ER 32L0(076)PR	185	-
Subtotal CFDA 20.205			<u>4,732,452</u>	<u>-</u>
 Total U.S. Department of Transportation			 <u>\$ 4,845,358</u>	 <u>\$ -</u>

COUNTY OF MENDOCINO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Pass-Through to Subrecipients
<u>U.S. Department of Environmental Protection Agency</u>				
Passed through State Air Pollution Control Officers Association:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM-99T08601	\$ 12,000	\$ -
Total U.S. Department of Environmental Protection Agency			\$ 12,000	\$ -
 <u>U.S. Department of Health and Human Services</u>				
Direct programs:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5 H79SP0190269-03	48,258	20,961
Immunization Grants	93.268	15-10146	52,204	-
Drug Free Communities Support Program	93.276	5 SP018206-05	125,000	34,901
Subtotal Direct			225,462	55,862
Passed through State Department of Child Support Services:				
Child Support Enforcement	93.563	--	1,615,579	-
Passed through State Department of Social Services:				
Temporary Assistance for Needy Families	93.558	--	6,329,912	-
Guardianship ASSISTANCE (KinGap IV-E Admin)	93.090	--	130,347	-
Foster Care – Title IV-E	93.658	--	7,220,208	-
Passed through State Department of Health Services:				
Foster Care - Title IV-E	93.658	--	1,875,289	-
Total - Foster Care Cluster			9,095,497	-
Adoption Assistance Program	93.659	--	2,616,187	-
Community Services Block Grant	93.569		1,013,899	-
Promoting Safe and Stable Families	93.556	--	71,668	-
Refugee and Entrant Assistance	93.566	--	596	-
Child Welfare Services – State Grants	93.645	--	140,144	-
CWS Title XX	93.667	--	58,388	-
Independent Living Program	93.674	--	53,363	-
Passed through State Department of Health Care Services:				
Child Health and Disability Prevention Program	93.994	--	141,302	-
Health Care Program for Children in Foster Care	93.994	--	38,136	-
Subtotal CFDA 93.994			179,438	-
Maternal and Child Health Services	93.110	201323-MCAH	283,935	-
Medical Assistance Program - IHSS	93.778	--	1,925,867	-
Medical Assistance Program - DHS Medi-Cal (Federal 50%)	93.778	--	2,247,411	-
Passed through State Department of Alcohol and Drug Abuse Programs:				
Federal Drug Medi-Cal	93.778	NNA-23	109,414	-
Total - Medicaid Cluster			4,282,692	-

COUNTY OF MENDOCINO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Pass-Through to Subrecipients
Block Grants for Prevention and Treatment of Substance Abuse Abuse (SAPT)	93.959	11 NNA-23	\$ 839,884	\$ -
Passed through State Department of Public Health:				
Public Health Emergency Preparedness	93.069	14-10518	104,601	21,743
Hospital Preparedness Program	93.889	14-10518	97,021	35,972
Passed through the State Department of Mental Health:				
Projects for Assistance in Transition from Homelessness	93.150	--	17,689	17,689
Substance Abuse Mental Health Services Administration	93.958	--	127,705	127,705
 Total Department of Health and Human Services			<u>\$ 27,284,007</u>	<u>\$ 258,971</u>
 <u>U.S. Department of Homeland Security</u>				
Passed through California Emergency Management Agency: EMPG	97.042	--	136,713	-
 Total Department of Homeland Security			<u>\$ 136,713</u>	<u>\$ -</u>
 Total Expenditures of Federal Awards			<u>\$ 37,218,079</u>	<u>\$ 1,171,735</u>

COUNTY OF MENDOCINO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Mendocino (County). The County'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 is prepared on a modified accrual basis. The information in this schedule is presented in accordance with the requirements of 2 CFR 1.200, *Audits of States, Local Governments, and Non-Profit Organizations*.

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.

NOTE 4: INDIRECT COST RATE

The County did not elect to use the 10% de minimis indirect cost rate as covered in 2 CFR §200.414. Uniform Guidance, §200.510(6), requires the County to disclose whether or not it elected to use the 10 percent de minimis cost rate that §200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate.

COUNTY OF MENDOCINO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes _____ no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.561	Supplemental Nutrition Assistance Program
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,116,542

Auditee qualified as low-risk auditee? _____ yes x no

COUNTY OF MENDOCINO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

2017 – 001

ACCRUED REVENUE

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Criteria: Accounting standards generally accepted in the United States of America state that revenues should be recorded as receivable in the year in which they are earned.

Condition: During the audit it was determined that the County did not properly record all revenues that were earned during the period.

Cause: The entry for accrued revenue was not properly reviewed to ensure accuracy of the amounts receivable at year end.

Effect: The County understated its revenue and receivables by \$300,000.

Recommendation: The County should reinforce its policy to review all year end accrual entries to ensure their accuracy when posted to the general ledger.

Management Response: The County agrees with the Auditor's recommendation.

COUNTY OF MENDOCINO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section III – Findings and Questioned Costs – Major Federal Programs

2017 – 002

Federal agency: U.S Department of Health and Human Services

Federal program title: Foster Care Title IV-E

CFDA Number: 93.658

Pass-Through Agency: California Department of Social Services

Award Period: July 1, 2016 – June 30, 2017

Type of Finding:

- Significant Deficiency in Internal Control over Compliance – Other Noncompliance

Criteria or specific requirement: The compliance supplement for the program in section E. Eligibility, 1. Eligibility for Individuals part c, notes that “a child must meet the eligibility requirements of the former Aid to Families with Dependent Children (AFDC) program” and that the “verification of eligibility be signed by the person finding eligibility.”

Condition: During eligibility compliance testing. Two casefiles did not contain signed Determination of Federal AFDC-FC Eligibility forms. Imaged forms were completed but not signed by County.

Questioned costs: None noted.

Context: CLA randomly selected forty casefiles to test eligibility compliance for Foster Care program. CLA noted two of the forty casefiles included unsigned Federal eligibility forms in the County’s imaged files.

Cause: The County noted the cause was due to eligibility personnel scanning documentation before it had been signed and not replacing the original once the form had been signed by approver.

Effect: The effect could result in differences between the signed and approved Federal Eligibility form and the actual benefits received by the program participant. The signed and approved form ensures the eligibility form has been reviewed and approved prior to benefits being issued.

Recommendation: CLA recommends the County review and confirm eligibility documentation is scanned into their imaging software after the forms are approved and signed.

Views of responsible officials: There is no disagreement with the audit finding. Foster Care Supervisor has informed Foster Care Eligibility workers that after Supervisor review they will have 10 days to make corrections and return to Supervisor for final review. This will allow the Supervisor to make sure that all corrections are complete and all documents have been imaged.

Eligibility staff have been instructed that at the time of renewal they should be reviewing all images on their case to assure that all documents are signed, dated, rates updated and CIV case numbers are entered. If not, the corrections and reimaging will be done immediately. Eligibility staff will make a note on documents regarding the findings, date and sign. Eligibility staff will make sure to enter in case comments the errors and what was done to correct the error.

COUNTY OF MENDOCINO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Supervisor is also assigning 2-3 cases to be monitored each month using the last Audit tool of 2012 to assure that the case meets Title IVE findings necessary and that all forms are in place with date, signatures, and rates.

2017 – 003

Federal agency: U.S Department of Health and Human Services

Federal program title: Medical Assistance Program

CFDA Number: 93.778

Pass-Through Agency: California Department of Health Care Services

Award Period: July 1, 2016 – June 30, 2017

Type of Finding:

- Material Weakness in Internal Control over Compliance – Other Noncompliance

Criteria or specific requirement: The compliance supplement notes in section E part 1 that the agency is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan. Annual redeterminations are required as part of these eligibility requirements.

Condition: During eligibility compliance testing. Three of forty case files selected documented eligibility redeterminations late or did not document a current eligibility determination during the fiscal year. The renewal packet for one case was never sent, one case had renewal packet sent but was never completed, and once case was completed eight months late.

Questioned costs: None noted.

Context: CLA randomly selected forty casefiles to test eligibility compliance for Medical Assistance program. CLA noted three of the forty casefiles were not in compliance as cases did not have current renewals performed or were performed well past the annual due date. The findings noted appeared to be systemic due to the staffing vacancies the Department has been experiencing.

Cause: The cause of the noted finding is related to the current vacancies of eligibility workers at the County. The County noted they currently have 35 vacant eligibility staff positions and cannot keep renewals current with the County's Medical Assistance caseload.

Effect: The effect is that participants in the program are not having eligibility renewals completed could be receiving benefits that they may no longer be eligible for.

Recommendation: CLA recommends that the County focus on casefiles with due and overdue redeterminations to reduce backlog and become current with renewals.

Views of responsible officials: There is no disagreement with the audit finding. The County will increase the frequency of recruitments to fill vacancies in eligibility worker positions. Staff will be utilized more for programs with heavier caseloads. Medi-Cal cases will be separated into caseloads based on renewal month in order to better provide case management along with continuing to offer overtime on a weekly basis specifically to process Medi-Cal renewals.

COUNTY OF MENDOCINO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017

FINDINGS – FINANCIAL STATEMENT AUDIT

Reference Number **2016-001**

Governmental Trust Funds

Recommendation

For each account identified as holding resources available to support County functions and activities, we recommend the Auditor-Controller's Office create a new fund in its accounting system having the full functionality of reporting revenues and expenditures.

Status

Corrective action has been taken and recommendation has been implemented.