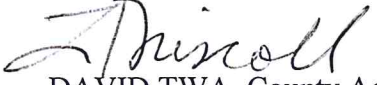


**County of Contra Costa
Office of the County Administrator
MEMORANDUM**

DATE: April 26, 2018

TO: FINANCE COMMITTEE:
Supervisor Karen Mitchoff, Chair
Supervisor John Gioia, Vice Chair

FROM: 
DAVID TWA, County Administrator
BY: LISA DRISCOLL, Finance Director

SUBJECT: **COUNTYWIDE SINGLE AUDIT - FISCAL YEAR ENDING JUNE 30, 2017**

On November 8, 1999, the Board established a policy and procedure for addressing the annual findings and recommendations of the County's external auditors. The procedure directs that the Board refer the annual Single Audit findings to the Finance Committee, and that the County Administrator make a report to the Finance Committee on the current- and prior-year audit findings and recommendations that identifies what corrective action has been taken or is planned to be taken on each recommendation. Inasmuch as the current year Single Audit report encompasses all unresolved or pending audit issues from prior-year audits, this report responds directly to the current-year Single Audit report (FY ending June 30, 2017).

Internal Control Over Financial Reporting. Government Auditing standards require the external auditor to obtain reasonable assurance that the general-purpose financial statements are free of material misstatement. The external auditor found no instances of material misstatement.

Internal Control Over Compliance. Government Auditing Standards and OMB Circular A-133 (which is applicable to federal programs) require the external auditor to report on both compliance with and internal controls over the major federal programs carried out by the County. The external auditor found no instances of noncompliance.

Prior Year Findings

◆ Finding 2016-001: Schedule of Expenditures of Federal Awards Completeness

Recommendation: The County should improve its review process by requiring department management to review and sign off program expenditures prior to being submitted to the Auditor-Controller. Additionally, the Auditor-Controller should reconcile the detailed listing of expenditures to the SEFA for each significant federal program prior to the submission to the external auditors.

Background: The auditor noted several misstatements in the County's draft schedule of expenditures of federal awards (SEFA). Employment and Human Services' WIA Cluster expenditures were overstated by \$130,688 and expenditures of Trade Adjustment Assistance Community College and Career Training grants were understated by the same amount due to management oversight. WIA Cluster subrecipients expenditures were also understated by \$116,352 due to management oversight. The Sheriff's Homeland Security Grant Program expenditures were overstated by \$6,464 and subrecipient expenditures were overstated by \$230,447 due to misclassification of expenditures. Special Programs for the Aging Title III, Parts B & C, were overstated by \$258,497 and \$48,829 respectively, due to a misclassification of expenditures.

The County was able to correct the expenditure amounts reported in its SEFA prior to its issuance.

Corrective Action: Corrected.

◆ Finding 2016-002: Subrecipient Monitoring

Recommendation: The Health Services Department should ensure that policies and procedures are in place for timely responses to new federal award requirements and any implementation of changes resulting from the new requirements. The Department should document a formal process for performing risk assessments over its subrecipients of federal awards in order to determine the frequency and extent of monitoring activities to be performed.

Background: The auditor noted that the Health Services Department has not yet developed and documented a formal risk assessment process over its subrecipients of federal awards.

Corrective Action: Corrected.

◆ Finding 2016-003: Reporting

Recommendation: The Employment and Human Services Department should meet all mandated reporting deadlines.

Background: The Employment and Human Services Department did not submit two monthly reports for funding received from the California Department of Aging until after the due dates.

Corrective Action: Corrected.

Attachments

cc: Elizabeth Verigin, Assistant Auditor-Controller, Auditor-Controller's Office
Joanne Bohren, Chief of Audit Services, Auditor-Controller's Office
Anna Roth, Health Services Director
Kathy Gallagher, Director, Employment & Human Services
David Livingston, Sheriff-Coroner