



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Frank Gomez

Deputy Treasurer-Tax Collector

DATE: August 11, 2023
TO: Audit Committee Members
FROM: Supervisor Sal Quintero, Audit Committee Chairman
SUBJECT: Audit Committee Meeting

This will confirm the next Audit Committee meeting scheduled on **August 11, 2023 at 10:00 a.m.** in the Board of Supervisors Chambers - Room 301 of the Hall of Records. The following is the agenda for the meeting:

AGENDA

- 1) **Roll Call**
- 2) **Pledge of Allegiance**
- 3) **Approve Agenda**
- 4) **Public Presentations**
This portion of the meeting is reserved for persons desiring to address the Audit Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- 5) **Approval of May 12, 2023 Audit Committee Meeting Minutes**
- 6) **Consent Items**
 - a. Approve Quarterly Fraud Report covering April 1, 2023 to June 30, 2023.
- 7) **Discussion and Action Items**
 - a. Review and approve the Sheriff-Coroner's Office Department Head Transition Report
 - b. Review and accept the County of Fresno Single Audit Report for the year ended June 30, 2022.
- 8) **Staff Updates**

9) Adjournment

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Enclosures

Audit Committee Members:

Supervisor Sal Quintero, Audit Committee Chairman
Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman
Supervisor Nathan Magsig
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member

Next meeting scheduled on December 08, 2023.

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
May 12, 2023 – 10:00 a.m.

MEMBERS PRESENT:

Supervisor Sal Quintero, Audit Committee Chairman
Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman
Supervisor Nathan Magsig
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member

Call to Order: Chairman Quintero called to order the regular meeting of the Audit Committee (Committee) on May 12, 2023, at 10:03 a.m. in the Board of Supervisors' Chambers.

1. Pledge of Allegiance

- Vice-Chairman Cederborg led all in attendance with the Pledge of Allegiance.

2. Approve Agenda

- A motion was made by Vice-Chairman Cederborg, seconded by Kari Gilbert, and carried 5-0 to approve the May 12, 2023 agenda.

3. Public Presentations

- This portion of the meeting is reserved for persons desiring to address the Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- There being none, the Committee proceeded to hear the next item on the agenda.

4. Approval of January 27, 2023 Audit Committee Meeting Minutes

- There being no public comments, a motion was made by Paul Nerland, seconded by Kari Gilbert, and carried 5-0 to approve the January 27, 2023 Audit Committee Meeting Minutes.

5. Consent Items

a) Approve Quarterly Fraud Report covering January 1, 2023 to March 31, 2023

- There being no public comments, a motion was made by Vice-Chairman Cederborg, seconded by Paul Nerland, and carried 5-0 to approve Agenda item 5a.

6. Discussion and Action Items

a) Review and accept the County of Fresno Single Audit Report for the year ended June 30, 2021.

- Daisy Landeros-Loera, Accountant, Financial Reporting & Audits Division, introduced the item.
- Eric Xin, Engagement Partner, Brown Armstrong Accountancy Corporation, presented the item.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Kari Gilbert and carried 5-0 to approve Agenda Item 6a.

b) Review and receive Price Paige & Company Quality Control Review covering fiscal years ended June 30, 2017 through June 30, 2021.

- Daisy Landeros-Loera, Accountant, Financial Reporting & Audits Division, introduced the item.
- Enedina Garcia, Deputy Auditor-Controller, presented the item.
- Paul Nerland asked about how confident management feels that the significant items on the Quality Control Review have been addressed.
- Enedina Garcia, Deputy Auditor-Controller, responded that the Financial Reporting & Audits Division performs an internal peer review and that she is confident the findings are being addressed and processes are being improved.
- Paul Nerland asked if the Financial Reporting & Audits Division has the resources they need and if the actions that have been taken to retain staff have helped.
- Enedina Garcia, Deputy Auditor-Controller, responded that the actions taken have helped to stabilize staff retention.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Manuel Vilanova, and carried 5-0 to approve Agenda Item 6b.

c) Review and approve the Proposed Audit Plan for fiscal year 2023-24.

- Enedina Garcia, Deputy Auditor-Controller, introduced and presented the item.
- Paul Nerland asked if there is any focus on operational activities in the formulation of the Audit Plan.
- Enedina Garcia, Deputy Auditor-Controller, responded that operational factors are one of various factors included in the risk assessment used to formulate the Audit Plan.
- Paul Nerland commented that the planned audits are related to financials and not operations.
- Kari Gilbert asked how staff turnover is rated in the risk assessment today versus how it was rated before the COVID-19 pandemic.
- Enedina Garcia, Deputy Auditor-Controller, stated that she does not know that staff turnover is being weighted differently from the time before the COVID-19 pandemic versus today.
- Kari Gilbert commented that all departments with aggressive staff turnover have a higher risk and it is important for all departments to retain staff.
- Vice-Chairman Cederborg asked how the monitoring of contracts is viewed by the Auditor-Controller's office in terms of their view of how the department is doing when formulating the Audit Plan.
- Enedina Garcia, Deputy Auditor-Controller, responded that she believes the risk assessment asks the question of how many contracts the department has, and if not, it can be added.
- Vice-Chairman Cederborg asked if the Auditor-Controller's office would wait to do a contract audit until a request is made for one, or if it would be included in the Audit Plan.
- Enedina Garcia, Deputy Auditor-Controller, clarified that a specific contract audit would only be performed if recommended by the Audit Committee or during meetings with the County Administrative Office.
- Kari Gilbert asked if a Countywide contract training is provided to departments.
- Enedina Garcia, Deputy Auditor-Controller, responded that a training was provided by County Counsel in conjunction with the Auditor-Controller/Treasurer-Tax Collector's department prior to the COVID-19 pandemic.
- Vice-Chairman Cederborg responded that the County is at a stage where contract trainings for departments need to be resumed.
- Paul Nerland suggested the County Administrative Office and Auditor-Controller/Treasurer-Tax Collector discuss expanding the Audit Plan to include operational audits in addition to financial audits.
- Kari Gilbert commented that it would be helpful for the County to take a proactive approach and prepare staff for different types of audits they could receive.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Vice-Chairman Cederborg, and carried 5-0 to approve Agenda Item 6c.

7. Staff Updates

- Enedina Garcia, Deputy Auditor-Controller, discussed that findings from the Single Audit and Annual Comprehensive Financial Report have been incorporated into the annual Countywide Training taking place next week and a training about the various types of audits that different departments may go through can be included in next year's training. Enedina Garcia provided an update on the 2022 Single Audit which is being finalized and should be brought before the Audit Committee during the next meeting.

8. Adjournment

- A motion was made by Supervisor Sal Quintero, Audit Committee Chairman, and was carried 5-0 to adjourn the meeting at 10:34 a.m.

Audit Committee Members:

Supervisor Sal Quintero, Audit Committee Chairman

Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman

Supervisor Nathan Magsig

Paul Nerland, County Administrative Officer

Kari Gilbert, Department Heads Council Member

Manuel Vilanova, Public Member

Kulwinder Brar, Public Member



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Frank Gomez

Deputy Treasurer-Tax Collector

DATE: August 11, 2023

TO: Audit Committee Members

FROM: Oscar J. Garcia, CPA – Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Fraud Hotline Quarterly Activity Report for the Quarter Ended June 30, 2023

In accordance with the provisions of California Government Code Section 53087.6, the County of Fresno Fraud Hotline serves as a means to discover, investigate, and remediate acts of fraud, waste, or abuse involving County employees, as defined by the statute.

We have completed our quarterly report concerning the operation of the County of Fresno Fraud Hotline. This report is for the three-month period of April 1, 2023 through June 30, 2023.

We would like to acknowledge the professionalism and cooperation extended to us by the management of the various County agencies/departments during our Hotline investigation process. As always, I remain available to answer any questions you may have. Please contact me directly or Karoll Diaz, Accounting & Financial Division Manager at (559) 600-1378 or Jarry Lim, Accountant at (559) 600-1368 if we can be of any assistance.

Attachments



COUNTY OF FRESNO

FRAUD HOTLINE QUARTERLY REPORT

Administered by the Auditor-Controller/Treasurer-Tax Collector

For the Quarter Ended June 30, 2023

Director: Oscar J. Garcia, CPA
Accounting & Financial Manager: Karoll Diaz
Hotline Staff: Jarry Lim

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended June 30, 2023

Below is the County of Fresno Fraud Hotline activity for the period of April 1, 2023 through June 30, 2023.

1. Statistical Summary

The Financial Reporting and Audits Division received 78 Hotline allegations, complaints, or other contacts during the reporting period. Of these reports, 66 were made anonymously while 12 reports were made by individuals who identified themselves. The Hotline received 47 reports via telephone, 30 by email, and 1 by letter. These reports are categorized in Table 1.

Table 1 Statistical Summary	
Actionable Items	6
Referred Items	59
Non-Actionable Items	13
Total Allegations/Complaints	78

2. Types of Allegations/Complaints

Cases opened during the period involved various complaints and allegations such as: 1) improper use of government benefits, 2) fraudulent check alterations, and 3) management improprieties.

Actionable – County

Allegations involving individuals employed by the County and/or other related parties (i.e., vendors, contractors, etc.).

Actionable – Non-County

Allegations involving individuals and/or other entities with no known relation to the County.

Referral – County

Allegations involving issues primarily handled by other County Departments via established fraud-reporting methodologies.

**COUNTY OF FRESNO
 FRAUD HOTLINE QUARTERLY REPORT
 Administered by the Auditor-Controller/Treasurer-Tax Collector
 For the Quarter Ended June 30, 2023**

Referral – Non-County

Allegations involving issues beyond the responsibilities of the County of Fresno are referred to appropriate non-County agencies.

Non-Actionable Items

These include insufficient information and not applicable issues. Examples include failure to state sufficient facts on which to base any investigation, inquiries regarding the status of other investigations, requests for information, and wrong numbers.

Table 2 identifies the total number of cases opened during this period and detail complaint type.

Table 2 Types of New Allegations/Complaints	
Actionable – Non-County:	6
Forged/Altered Check	6
Referral – County:	52
Welfare Fraud	42
County - Other	10
Referral – Non-County:	7
Various	7
Non-Actionable Items:	13
Not enough information	13
Total	78

**COUNTY OF FRESNO
 FRAUD HOTLINE QUARTERLY REPORT
 Administered by the Auditor-Controller/Treasurer-Tax Collector
 For the Quarter Ended June 30, 2023**

3. Status of Complaints

The complaints processed by the County of Fresno Fraud Hotline include alleged behavior by an employee and/or client (i.e., timecard abuse, misuse of county assets, management improprieties, conflict of interest, and misuse of program funds). As of the end of the reporting period, there was no investigation by the County of Fresno Fraud Hotline. (See summary below)

Table 3 Status of Complaints						
Actionable Calls	Investigation			Closed Findings		
	Ongoing	New	Closed	Substantiated	Unsubstantiated	Referral
Management						
Employee						
Client						
Unknown						
Total	-	-	-	-	-	-



County of Fresno

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

June 29, 2023

John Zaroni, Sheriff
Sheriff-Coroner's Office
2200 Fresno Street
Fresno, CA 93721

RE: Department Head Transition Report

Dear Mr. Zaroni,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Office's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the Sheriff-Coroner's Office. The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

We conducted this review in conformance with the International Standards Framework for the Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors. Those standards require that auditors identify sufficient, reliable, relevant, and useful information to achieve the audit objectives.

The transition report included accounting for cash, capital assets, and inventorable assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.

3. Examine conflict of interest filings.
4. Check the exiting Department Head's final paycheck for accuracy and appropriateness.
5. Check the incoming Department Head's first paycheck for accuracy and appropriateness.
6. Ensure that, according to Government Code 24051 and Management Directive 418, the certification of all property under the control of the exiting Department Head has been signed by both, the exiting and incoming Department Heads.

Results:

Finding 1 – Cash Handling

Departments are responsible for the secure management of any Petty Cash or Other Cash funds assigned to their divisions. The Sheriff-Coroner's Office maintains 10 cash funds, which consist of petty cash, buy funds, and change funds. During two cash counts, the Auditor observed the respective custodians of the Business Office Petty Cash and the Travel Emergency Revolving Fund leave the cash box unattended on the desk, with no supervision, while looking for supporting documentation for the funds. Additionally, during the Records Change Fund cash count performed on March 23, 2023, a cash shortage of \$38.00 was discovered. No receipts or other type of documentation was provided to reconcile the difference. The custodian failed to verify that the authorized amount of the fund of \$100 was intact at the start of the day. Due to the lack of proper daily fund reconciliation, the custodian was unaware of the missing cash, and therefore policies and procedures were not followed. The Sheriff-Coroner's Office was able to locate \$6.40 of the shortage at a later time and a replenishment request of \$31.60 was submitted for ACTTC's approval on March 28, 2023.

Recommendation 1

We recommend that the Department review its policies and procedures for handling Petty Cash and Other Cash funds, along with providing training to staff to ensure safe and secure management of funds is being upheld. As a general rule, cash should never be unattended. If an employee leaves his or her workstation/area for any reason, regardless of how brief, cash must be appropriately secured in a locked place. Additionally, in the case of change funds, we recommend cash on hand is reconciled on a daily basis to receipts and accountable balance of the fund. This will ensure that balances are accurate and that any cash shortages or overages are reported on time. In addition, the reconciliation must be reviewed by supervisory personnel and management must conduct unannounced cash counts to verify the amount of cash on hand as stated in the Cash Manual, section 5.3.

Finding 2 – Asset Management

During this process, a total of 85 assets were tested, which included 50 capital assets and 35 inventoriable assets, all selected at random. Per Management Directives 0400, section 413.2, departments are required to maintain an inventoriable asset listing containing certain

information, but not limited to, location, acquisition date, acquisition cost, and quantity of the asset. However, the inventoriable asset listing provided did not include the mentioned attributes. In addition, 8 out of the 50 capital assets included a form of identification that did not match the Capital Asset Management System in PeopleSoft or did not have any identification present. Additionally, 1 out of the 35 inventoriable assets and 14 out of the 50 capital assets selected for testing, were either surplus, lost, stolen, replaced, or returned to the vendor, and did not have proper supporting documentation or did not fully complete and/or submit form FCAC – 082 (Fixed Asset Management) to the Financial Reporting & Audits Division to properly update the Capital Asset Management System.

Recommendation 2

We recommend that the Department revise its inventoriable asset listing to ensure all data is listed for each inventoriable asset, as required in MD 413.2. If the necessary information is not available for those assets currently on the list, we recommend the department to include the required information for any new assets added to the list going forward. We further recommend that the department examine its inventoriable and capital asset procedures to ensure assets are tracked, monitored, recorded, and surplus properly. Capital asset listings should also be monitored on a regular basis to ensure all assets are properly accounted for, and to properly remove any surplus, lost, or stolen assets. We also recommend for any inventoriable assets that do not include a form of identification present; the department establishes a form of identification so that tracking of the asset is practicable. Lastly, for any capital assets that are placed into service, a form FCAC – 082 should be immediately filled out and sent to the ACTTC's office for appropriate capitalization to ensure proper financial reporting, in the year the asset is placed into service, takes place.

Finding 3 – Compliance

Certain County of Fresno officials and employees are required to complete Form A, County of Fresno Quarterly Report of Gifts/Gratuities; and/or the California Form 700, Statement of Economic Interests. Upon review of Form A, 7 of the 17 employees selected for testing, did not sign the form within 15 days of quarter ending. Also, 7 of the 17 employees selected, did not fill out Form A. For Form 700, 2 of the 15 employees selected for testing did not sign the form in a timely manner, and 1 employee did not fill out the form correctly and/or completely.

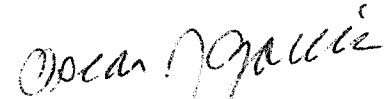
Recommendation 3

We recommend that the Department review its processes and procedures for receiving and reviewing the required forms along with providing training to staff to ensure requirements for its periodic compliance filings are met consistently.

This concludes our findings and recommendations. While still a matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at (559) 600-1378.

Sincerely,

A handwritten signature in black ink that reads "Oscar J. Garcia". The signature is written in a cursive style with a large initial "O".

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



John Zaroni
Sheriff
Fresno County Sheriff's Office

July 26, 2023

Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector
2281 Tulare St. Ste105
Fresno, CA 93721

Re: Response to the Department Head Transition Report

Dear Mr. Garcia

The purpose of this letter to provide a response to the Department Head Transition Report received on June 29, 2023. Prior to this report being finalized, members of the Sheriff's Office and the Auditor's Office met on the morning of June 28th to discuss this report.

Below are the responses to the findings:

Finding #1 – Cash Handling

Response: The Sheriff's Office agrees with the findings. The Sheriff's Business Manager reviewed the policy with the staff members that serve as custodians of the ten (10) cash boxes. Additional training will be provided when new custodians are assigned and whenever issues occur.

Finding #2 – Asset Management

Response: The Sheriff's Office agrees with the findings. The Sheriff's Business Manager has advised staff of the policies and procedures regarding lost or stolen assets. This includes the timelines for lost or stolen assets that need to be reported. In regards for the findings that didn't have correct identification tags. After further research, staff inadvertently transposed a digit within the identification number(s). These issues have been corrected.

Finding #3 – Compliance

Response: The Sheriff's Office agrees with the findings. There was a transition period between the former Administrative Secretary and the current Administrative Secretary. Therefore, Form A and the 700 Form were not completed in a timely manner or may

Dedicated to Protect & Serve

have not been filled out correctly. At the time, the new Administrative Secretary did not have a complete list of employees that are required to fill out the forms. This list was updated, and all forms have been completed. The new Administrative Secretary has been advised of the policies and procedures for both forms.

In closing, the Sheriff's Business Manager Baldo Berber has been providing updates for the Department Head Transition audit. I appreciate the professionalism and the clear timelines provided by the Auditor's staff. I look forward to our continued partnership regarding this audit and any future issues.

Sincerely,

U/S McComas 

John Zanoni
Sheriff-Coroner-Public Administrator

**COUNTY OF FRESNO
CALIFORNIA**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2022**

**COUNTY OF FRESNO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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REPORTS

**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**

The Honorable Members of the
Board of Supervisors
County of Fresno, 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 Fresno (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 30, 2023.

Report on 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) as a basis for designing 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

Report on 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 financial statements. 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 Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
January 30, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Members of the
Board of Supervisors
County of Fresno, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Fresno's (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2022-002, 2022-003, and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 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. 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2022-004 to be significant deficiencies.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 30, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the company.

Bakersfield, California
May 18, 2023

FINANCIAL STATEMENTS

**COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through State of California, Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C297	\$ -	\$ 97,873
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C001	-	612,212
Plant and Animal Disease, Pest Control, and Animal Care	10.025	21-0516-018-SF	-	441,264
Plant and Animal Disease, Pest Control, and Animal Care	10.025	21-0595-007-SF	-	33,300
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C392	-	3,222
Subtotal			<u>-</u>	<u>1,187,871</u>
Passed through State of California, Department of Education				
National School Lunch Program	10.555	01177-SN-10-R	-	203,314
Subtotal			<u>-</u>	<u>203,314</u>
Passed through State of California, Department of Social Services				
State Administration Matching Grant for SNAP	10.561	CFL 21/22: 30,49,62,92,100	514,384	36,758,706
COVID-19 State Administration Matching Grant for SNAP	10.561	CFL 21/22-13,48	-	1,034,930
		020:010B,015B,018B,029B,031B,038B,047B,057B,059B,068B,080B,08		
State Administration Matching Grant for SNAP	10.561	9B,092B,098B,108B,118B,000C	-	431,620
Subtotal			<u>514,384</u>	<u>38,225,256</u>
Passed through State of California, Department of Public Health				
State Administration Matching Grant for SNAP	10.561	19-10323	745,782	1,580,102
Subtotal			<u>745,782</u>	<u>1,580,102</u>
Passed through State of California Forest Service				
Schools and Roads - Grants to Counties	10.666		-	498,767
Subtotal			<u>-</u>	<u>498,767</u>
Total U.S. Department of Agriculture			<u>1,260,166</u>	<u>41,695,310</u>
U.S. Department of Housing and Urban Development				
Direct Federal Programs				
Community Development Block Grants	14.218	-	1,624,067	3,934,559
Subtotal			<u>1,624,067</u>	<u>3,934,559</u>
Direct Federal Programs				
COVID-19 Emergency Solutions Grant Program	14.231	E-20-UW-06-0003	1,245,297	1,943,916
Emergency Solutions Grant Program	14.231		-	29,901
Passed through City of Fresno				
COVID-19 Emergency Solutions Grant Program	14.231	E-20-MW-06-0001	1,496,186	1,591,257
Subtotal			<u>2,741,483</u>	<u>3,565,074</u>
Direct Federal Programs				
Home Investment Partnerships Program	14.239	-	-	413,875
Subtotal			<u>-</u>	<u>413,875</u>
Lead-Based Paint Hazard Control	14.900	CALHB0654-17	-	747,253
Subtotal			<u>-</u>	<u>747,253</u>
Total U.S. Department of Housing and Urban Development			<u>4,365,550</u>	<u>8,660,761</u>
U.S. Department of the Interior				
Passed through Office of the Secretary of the Interior				
Flood Control Act Lands	15.433	-	-	6,436
Subtotal			<u>-</u>	<u>6,436</u>
Total U.S. Department of the Interior			<u>-</u>	<u>6,436</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Justice				
Direct Federal Programs COVID-19 Emergency Supplemental Funding Program	16.034	--	-	34,729
Passed through State of California, Governor's Office of Emergency Services COVID-19 Emergency Supplemental Funding Program	16.034	BSCC 104-20	-	486,935
Subtotal			-	521,664
Direct Federal Programs Missing Children's Assistance	16.543		-	365,174
Subtotal			-	365,174
State Criminal Alien Assistance Program	16.606	--	-	347,554
Subtotal			-	347,554
DNA Backlog Reduction Program	16.741	--	-	41,132
DNA Backlog Reduction Program	16.741	--	-	295,693
DNA Backlog Reduction Program	16.741	--	-	46,552
Subtotal			-	383,377
Equitable Sharing/Dept. of Justice Asset Forfeiture Program	16.922	--	-	
Equitable Sharing/Dept. of Justice Asset Forfeiture Program	16.922	--	-	36,249
Subtotal			-	36,249
Passed through Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000538	-	117,829
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 612-19	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 612-19	-	233,357
Subtotal			-	351,186
Passed through Bureau of Justice Assistance Crime Victim Assistance	16.575	BSCC 104-20		
Crime Victim Assistance	16.575	HA 21 04 0100	-	82,494
Crime Victim Assistance	16.575	VW 21 40 0100	-	1,081,327
Crime Victim Assistance	16.575	XC 21 04 0100	-	323,785
Crime Victim Assistance	16.575	UV 21 04 0100	-	86,945
Subtotal			-	1,574,551
Violence Against Women Formula Grants	16.588	PU 20 03 0100	-	102,831
Violence Against Women Formula Grants	16.588	VV20030100	-	94,349
Violence Against Women Formula Grants	16.588	VV21040100	-	106,868
Subtotal			-	304,048
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0021	-	183,667
Subtotal			-	183,667
Total U.S. Department of Justice			-	4,067,470
U.S. Department of Labor				
Passed through State of California, Department of Economic and Workforce Development Workforce Innovation & Opportunity Act (WIOA) Adult Program	17.258	884353731	-	4,906
Subtotal			-	4,906
Total U.S. Department of Labor			-	4,906

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Passed through State of California, Department of Transportation				
Highway Planning and Construction	20.205		-	
Highway Planning and Construction	20.205	BRLS-5942	-	1,843,065
Highway Planning and Construction	20.205	BRLC-5942	-	1,121,673
Highway Planning and Construction	20.205	HPPLUL-5942	-	509,222
Highway Planning and Construction	20.205	CML-5942	-	593,434
Highway Planning and Construction	20.205	CMLSBCG-5942	-	190,311
Highway Planning and Construction	20.205	STPL-5942	-	1,445,008
Highway Planning and Construction	20.205	X21-5942(306)	-	368,108
Highway Planning and Construction	20.205	HSIPL-5942	-	192,481
Highway Planning and Construction	20.205	ATPL-5942	-	621,057
Highway Planning and Construction	20.205		-	-
Subtotal			-	<u>6,884,359</u>
Passed through Department of Transportation Federal Railroad Administration (FRA)				
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-37	-	
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-37	-	
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-37	-	
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-56	-	57,776
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-57	-	98,682
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-54	-	1,296,212
Subtotal			-	<u>1,452,670</u>
Passed through State of California, Office of Traffic Safety				
National Priority Safety Grants	20.616	DI21018	-	56,564
National Priority Safety Grants	20.616	DI20025	-	293,154
Subtotal			-	<u>349,718</u>
Passed through State of California, Department of Transportation Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL20003	-	258,424
Subtotal			-	<u>258,424</u>
Total U.S. Department of Transportation			-	<u>8,945,171</u>
U.S. Department of Treasury				
Direct Federal Programs				
Equitable Sharing/Dept. of Treasury Asset Forfeiture Program	21.016	-	-	148,418
Equitable Sharing/Dept. of Treasury Asset Forfeiture Program	21.016	-	-	-
Subtotal			-	<u>148,418</u>
COVID-19 Coronavirus Relief Fund	21.019	-	-	18,420
Subtotal			-	<u>18,420</u>
COVID-19 Emergency Rental Assistance	21.023	-	6,893,486	6,893,486
Subtotal			<u>6,893,486</u>	<u>6,893,486</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	-	5,328,343	41,849,756
Subtotal			<u>5,328,343</u>	<u>41,849,756</u>
Total U.S. Department of Treasury			<u>12,221,829</u>	<u>48,910,080</u>
U.S. Election Assistance Commission				
Passed through State of California, Secretary of State				
Help America Vote Act	90.401	21G30105	-	231,932
Help America Vote Act	90.401		-	-
Help America Vote Act	90.401		-	-
Subtotal			-	<u>231,932</u>
Total U.S. Election Assistance Commission			-	<u>231,932</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Passed through State of California, Department of Social Services Special Programs for the Aging Title VIII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93,041	020:030C,039C,056C,066C,106C	-	736,336
Subtotal			-	736,336
Passed through State of California, Department of Public Health Homeland Security Grant Program	93,067	16-019	-	426,525
Subtotal			-	426,525
Public Health Emergency Preparedness	93,069	EPO 13-11	-	646,053
Subtotal			-	646,053
Passed through State of California, Department of Social Services				
Guardianship Assistance	93,090	020:504C,512C,517C,523C,527C,531C,537C,543C,548C,555C,560C,5 00D	-	2,338,063
Guardianship Assistance	93,090	020:024C,031C,049C,059C,075C,086C,107C,007D	-	72,512
Subtotal			-	2,410,575
Passed through State of California, Department of Public Health Tuberculosis Control Programs	93,116	FSIE	-	20,546
Subtotal			-	20,546
Direct Federal Programs				
Community Programs to Improve Minority Health Grant Program	93,137	--	19,474	340,438
Subtotal			19,474	340,438
Passed through State of California, Department of Public Health HIV-Related Training and Technical Assistance	93,145	10-95258	-	278,520
Subtotal			-	278,520
Passed through State of California, Department of Mental Health Projects for Assistance in Transition from Homelessness (PATH)	93,150	68-0317191	308,000	317,162
Subtotal			308,000	317,162
Passed through State of California, Department of Public Health Child Lead Poisoning Prevention Projects	93,197	14-10020	-	264,071
Subtotal			-	264,071
Immunization Cooperative Agreements	93,268	17-10306	-	3,492,296
Subtotal			-	3,492,296
Passed through State of California, Department of Public Health Heluna Health 20/21	93,323	HELUNA	-	386,703
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93,323	20-471	-	26,636,259
Subtotal			-	27,022,962
Passed through State of California, Department of Public Health COVID-19 Crisis Response Funding	93,354	COVID-19-11	-	798,457
Subtotal			-	798,457
Direct Federal Programs				
Public Health Emergency Response	93,391	--	68,017	426,458
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93,435	--	233,347	428,557
Subtotal			301,364	855,015
Passed through State of California, Department of Public Health Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93,426	20-10704	-	22,004
Subtotal			-	22,004
State Physical Activity & Nutrition (SPAN)	93,439	18-10558	60,669	88,367
Subtotal			60,669	88,367
ACA Maternal, Infant, & Early Childhood Home Visiting Program	93,505	CHVP 21-10	-	635,963
Subtotal			-	635,963
Passed through State of California, Department of Social Services Promoting Safe and Stable Families	93,556	CFL 21/22: 24,25	1,205,927	1,206,639
Subtotal			1,205,927	1,206,639

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Passed through State of California, Department of Social Services				
Temporary Assistance for Needy Families	93.558	020:009C,018C,027C,036C,045C,054C,063C,072C,084C,093C,104C,111C	-	1,426,219
Temporary Assistance for Needy Families	93.558	CFL 21/22: 17,104	2,926,875	46,691,346
Temporary Assistance for Needy Families	93.558	020:506C,511C,516C,521C,529C,532C,536C,545C,550C,557C,562C,501D	-	39,535,319
Temporary Assistance for Needy Families	93.558	020:505C,509C,518C,522C,528C,533C,538C,544C,549C,556C,561C,565C	-	19,821,838
Temporary Assistance for Needy Families	93.558	CFL 21/22: 60,80	-	4,506,468
Temporary Assistance for Needy Families	93.558	020:504C,512C,517C,523C,527C,531C,537C,543C,548C,555C,560C,500D	-	5,986,451
Temporary Assistance for Needy Families	93.558	020:511C,529C,550C,562C	-	119,674
Temporary Assistance for Needy Families	93.558	020:501C,536C,557C	-	10,035,200
Temporary Assistance for Needy Families	93.558	020:079C,108C,002D	-	10,856,919
Subtotal			<u>2,926,875</u>	<u>138,979,434</u>
Passed through State of California, Department of Child Support Services				
Child Support Enforcement	93.563	CSSI LETTER 20-06	-	17,291,383
Subtotal			<u>-</u>	<u>17,291,383</u>
Passed through State of California, Department of Social Services				
Refugee and Entrant Assistance_State Administered Programs	93.566	020:031C,049C,075C,107C	-	12,853
Refugee and Entrant Assistance_State Administered Programs	93.566	020:504C,512C,517C,523C,527C,537C,543C,548C,555C,560C,500D	-	91,662
Subtotal			<u>-</u>	<u>104,515</u>
Adoption and Legal Guardianship Incentive				
Subtotal	93.603	CFL 21/22-117	<u>30,000</u>	<u>141,504</u>
Passed through State of California, Administration for Children and Families				
Children's Justice Grants to States	93.643	ES20030100	-	98,385
Subtotal			<u>-</u>	<u>98,385</u>
Stephanie Tubbs Jones Child Welfare Services Program				
Subtotal	93.645	CFL 21/22-60	<u>-</u>	<u>650,564</u>
Foster Care Title IV-E				
Foster Care Title IV-E	93.658	CFL 21/22: 28,102	-	589
Foster Care Title IV-E	93.658	020:006C,013C,026C,035C,037C,051C,055C,064C,073C,87C,103C,110C,006D	-	15,413,035
Foster Care Title IV-E	93.658	020:006C,013C,026C,035C,037C,051C,055C,064C,073C,087C,103C,110C,006D	-	1,762,548
Foster Care Title IV-E	93.658	020:0026C,035C,051C,055C,073C,087C,110C,006D	-	205,107
Foster Care Title IV-E	93.658	CFL 21/22-45	33,537	36,449
Foster Care Title IV-E	93.658	020:008C,012C,024C,031C,041C,049C,059C,068C,075C,086C,099C,107C,007D	-	1,997,752
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	-	439,122
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	-	74,981
Foster Care Title IV-E	93.658	020:006C,013C,026C,035C,037C,051C,055C,064C,073C,087C,103C,110C,006D	-	248,753
Foster Care Title IV-E	93.658	020:026C,055C,073C,087C,006D	-	23,961
Subtotal			<u>33,537</u>	<u>20,202,297</u>
Adoption Assistance				
Adoption Assistance	93.659	020:504C,512C,517C,523C,527C,531C,537C,543C,548C,555C,560C,500D	-	22,434,038
Adoption Assistance	93.659	020:001C,014C,025C,032C,042C,050C,057C,065C,074C,088C,096C,109C	-	1,599,640
Subtotal			<u>-</u>	<u>24,033,678</u>
Social Services Block Grant				
Social Services Block Grant	93.667	020:028C,085C,002D	-	6,953,812
Social Services Block Grant	93.667	CFL 21/22-60	-	2,303,871
Subtotal			<u>-</u>	<u>9,257,683</u>
Chafee Foster Care Independence Program				
Subtotal	93.674	CFL 21/22-40	<u>-</u>	<u>362,830</u>
Passed through State of California, Department of Health Care Services				
Children's Health Insurance Program	93.767	Fresno (10)	-	340,835
Subtotal			<u>-</u>	<u>340,835</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Passed through State of California, Department of Mental Health				
Medical Assistance Program	93.778	12-89362	-	2,366
Medical Assistance Program	93.778	12-89362	-	961,397
Medical Assistance Program	93.778	10-NNA-10	-	305,152
Medical Assistance Program	93.778	12-89362	-	69,352,533
Medical Assistance Program	93.778	12-89362	-	1,881,342
Passed through State of California, Department of Health Care Services				
Medical Assistance Program	93.778	Fresno (10)	-	3,457,364
Medical Assistance Program	93.778	Fresno (10)	-	561,743
Medical Assistance Program	93.778	Fresno (10)	-	113,057
Medical Assistance Program	93.778	Fresno (10)	-	219,111
Medical Assistance Program	93.778	Fresno (10)	-	410,464
Medical Assistance Program	93.778	MCAC 21-22 01	-	33,954,666
Medical Assistance Program	93.778	--	-	353,617
Passed through State of California, Department of Social Services				
Medical Assistance Program	93.778	020:017C,021C,030C,048C,056C,066C,101C,106C	-	11,690,157
Medical Assistance Program	93.778	ACL 12-63	-	16,008,223
Medical Assistance Program	93.778	CFL 21/22-37	-	227
Medical Assistance Program	93.778	CFL 21/22-37	-	786,554
Passed through State of California, Department of Public Health				
Medical Assistance Program	93.778	202010 Fresno	-	302,359
Medical Assistance Program	93.778	202010 Fresno	812,593	2,292,104
Passed through State of California, Department of Alcohol and Drug Programs				
Medical Assistance Program	93.778	10-NNA10	-	17,833,353
Medical Assistance Program	93.778	12-89362	-	1,500,000
Subtotal			<u>812,593</u>	<u>161,985,789</u>
Direct Federal Programs				
Opioid STR	93.788	--	-	80,000
Subtotal			<u>-</u>	<u>80,000</u>
Passed through State of California, Department of Public Health				
National Bioterrorism Hospital Preparedness Program	93.889	EPO-14-11	-	222,324
National Bioterrorism Hospital Preparedness Program	93.889	17-10148	-	56,127
Subtotal			<u>-</u>	<u>278,451</u>
Direct Federal Programs				
Healthy Start Initiative	93.926	--	-	703,028
Subtotal			<u>-</u>	<u>703,028</u>
Passed through State of California, Department of Mental Health				
Block Grants for Community Mental Health Services	93.958	68-0317191	2,381,212	2,381,212
Subtotal			<u>2,381,212</u>	<u>2,381,212</u>
Passed through State of California, Department of Alcohol and Drug Programs				
Substance Abuse and Mental Health Block Grant	93.959	10-NNA10	3,757,052	3,825,384
Subtotal			<u>3,757,052</u>	<u>3,825,384</u>
Passed through State of California, Department of Public Health				
Maternal and Child Health Services Block Grant to the States	93.994	202010 Fresno	-	222,049
Maternal and Child Health Services Block Grant to the States	93.994	202010 Fresno	-	216,400
Passed through State of California, Department of Mental Health				
Maternal and Child Health Services Block Grant to the States	93.994	M-20-0013	-	1,635,198
Subtotal			<u>-</u>	<u>2,073,647</u>
Total U.S. Department of Health and Human Services			<u>11,836,703</u>	<u>422,352,548</u>
U.S. Executive Office of the President				
Direct Federal Programs				
High Intensity Drug Trafficking Areas	95.001	--	-	594,809
High Intensity Drug Trafficking Areas	95.001	--	-	119,779
Subtotal			<u>-</u>	<u>714,588</u>
Total U.S. Executive Office of the President			<u>-</u>	<u>714,588</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Homeland Security				
Passed through State of California, Governor's Office of Emergency Services Emergency Management Performance Grant Program	97,042	OES 019-00000	-	193,000
Subtotal			-	193,000
Total U.S. Department of Homeland Security			-	193,000
TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING LOANS)			29,684,248	535,782,202
<i>Federal Loan Balances with a Continuing Compliance Requirement</i>				
U.S. Department of Agriculture				
Rural Housing Preservation Grants	10,433		-	304,631
U.S. Department of Housing and Urban Development				
Community Development Block Grants	14,218		-	6,076,182
Neighborhood Stabilization Program	14,218		-	1,171,173
Home Investment Partnerships Program	14,239		-	31,105,453
Federal Loan Balances with a Continuing Compliance Requirement			-	38,657,439
TOTAL EXPENDITURES OF FEDERAL AWARDS (INCLUDING LOANS)			\$ 29,684,248	\$ 574,439,641

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all of the federal award programs of the County of Fresno, California, (County) for the year ended June 30, 2022. The County reporting entity is defined in Note 1 to the County’s basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting, which is described in Note 1 to the County’s basic financial statements.

NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Information reported in the accompanying Schedule of Expenditures of Federal Awards is in substantial agreement with the information reported in the related federal financial reports for the major federal programs.

NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award revenues are reported in the County’s basic financial statements as intergovernmental revenues principally in the General and Special Revenue Funds.

NOTE 5 – INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 6 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2022 and 2021:

<u>Number</u>	<u>Program Title</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
10.433	Rural Housing Preservation Grants	\$ 304,631	\$ 338,150
14.218	Community Development Block Grants	6,076,182	6,699,404
14.218	Neighborhood Stabilization Program	1,171,173	1,285,401
14.239	Home Investment Partnerships Program	31,105,453	31,225,741
	Totals	<u>\$ 38,657,439</u>	<u>\$ 39,548,696</u>

NOTE 7 – SUBRECIPIENTS

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

Name of Program	Assistance Listing Number	Subrecipient	Amount
Supplemental Nutrition Assistance Program (SNAP)	10.561	California Health Collaborative	\$ 267,054
Supplemental Nutrition Assistance Program (SNAP)	10.561	Fresno County Superintendent of Schools	387,157
Supplemental Nutrition Assistance Program (SNAP)	10.561	CSUF Foundation	91,571
Supplemental Nutrition Assistance Program (SNAP)	10.561	America Works of California, Inc.	410,859
Supplemental Nutrition Assistance Program (SNAP)	10.561	Reading and Beyond	103,525
Community Development Block Grants	14.218	Boys & Girls Club	25,119
Community Development Block Grants	14.218	Cantua Creek Wastewater Treatment Plant	146,088
Community Development Block Grants	14.218	Caruthers Community Services District	231,796
Community Development Block Grants	14.218	City of Fowler	89,826
Community Development Block Grants	14.218	City of Kerman	797,946
Community Development Block Grants	14.218	City of Kingsburg	171,520
Community Development Block Grants	14.218	City of Mendota	58,771
Community Development Block Grants	14.218	City of Reedley	51,708
Community Development Block Grants	14.218	City of Riverdale	12,000
Community Development Block Grants	14.218	City of Selma	4,637
Community Development Block Grants	14.218	Malaga County Water District	7,386
Community Development Block Grants	14.218	Marjaree Mason	23,999
Community Development Block Grants	14.218	Westside Youth	3,271
Emergency Solutions Grant Program	14.231	WestCare California, Inc.	149,332
Emergency Solutions Grant Program	14.231	WestCare California, Inc.	314,663
Emergency Solutions Grant Program	14.231	RH Community Builders— 7093	1,243,872
Emergency Solutions Grant Program	14.231	RH Community Builders	142,206
Emergency Solutions Grant Program	14.231	RH Community Builders	31,795
Emergency Solutions Grant Program	14.231	Poverello House	78,313
Emergency Solutions Grant Program	14.231	RH Community Builders----7095	547,980
Emergency Solutions Grant Program	14.231	Poverello House	102,088
Emergency Solutions Grant Program	14.231	Turning Point of Central California, Inc.	131,234
Emergency Rental Assistance	21.023	RH Community Builders	6,893,486
Coronavirus State and Local Fiscal Recovery Fund	21.027	Fresno County Fire Protection	2,000,000
Coronavirus State and Local Fiscal Recovery Fund	21.027	Habitat for Humanity - Riverdale	242,675
Coronavirus State and Local Fiscal Recovery Fund	21.027	North Central Fire Protection District	1,085,668
Coronavirus State and Local Fiscal Recovery Fund	21.027	Saint Agnes Medical Center	2,000,000
Community Programs to Improve Minority Health Grant Program	93.137	Centro La Familia	19,474
Projects for Assistance in Transition from Homelessness (PATH)	93.150	King View	308,000
Public Health Emergency Response	93.391	Fresno Metropolitan Ministry	68,017
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93.435	Valley Health Team	213,526
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93.435	ARIA Health Center	19,477
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93.435	OMNI Family Health	344
State Physical Activity & Nutrition (SPAN)	93.439	California Health Collaborative	21,820
State Physical Activity & Nutrition (SPAN)	93.439	Fresno County Superintendent of Schools	38,849
Promoting Safe and Stable Families	93.556	Exceptional Parents Unlimited, Inc.	252,066
Promoting Safe and Stable Families	93.556	Centro La Familia Advocacy Services, Inc.	531,986
Promoting Safe and Stable Families	93.556	AspiraNet	222,379
Promoting Safe and Stable Families	93.556	Exceptional Parents Unlimited, Inc.	87,115
Promoting Safe and Stable Families	93.556	Comprehensive Youth Svc - Visitation Services	112,381
Temporary Assistance for Needy Families	93.558	Housing Authority of the County of Fresno	322,436
Temporary Assistance for Needy Families	93.558	Centro La Familia	193,668
Temporary Assistance for Needy Families	93.558	Centro La Familia	668,710
Temporary Assistance for Needy Families	93.558	Comprehensive Youth Svc	627,358
Temporary Assistance for Needy Families	93.558	Exceptional Parents Unlimited	904,492
Temporary Assistance for Needy Families	93.558	Westside Family Preservation Service Network	210,211
Adoption and Legal Guardianship Incentive	93.603	Hub Home Provider	30,000
Emerg Childcr Brid Prog for FC	93.658	Central Valley Children's Services Network (Emerg Bridge Prog)	15,457
Emerg Childcr Brid Prog for FC	93.658	Central Valley Children's Services Network (Emerg Bridge Prog)	18,080
Maternal Child and Adolescent Health	93.778	Exceptional Parents Unlimited	150,873
Maternal Child and Adolescent Health	93.778	Centro La Familia Advocacy Services	213,297
Maternal Child and Adolescent Health	93.778	Central Valley Children's Services Network	201,525
Maternal Child and Adolescent Health	93.778	Fresno County Economic Opportunities Commission	246,898
MHBG	93.958	Various	2,381,212

(Continued)

NOTE 7 – SUBRECIPIENTS (Continued)

Name of Program	Assistance Listing Number	Subrecipient	Amount
Block Grant for Prevention and Treatment of Substance Abuse	93.959	BRAIN WISE SOLUTIONS	78,596
Block Grant for Prevention and Treatment of Substance Abuse	93.959	CENTRAL CALIFORNIA RECOVERY, INC.	44,046
Block Grant for Prevention and Treatment of Substance Abuse	93.959	DELTA CARE, INC.	96,893
Block Grant for Prevention and Treatment of Substance Abuse	93.959	FRESNO COUNTY HISPANIC COMMISSION, INC.	335,798
Block Grant for Prevention and Treatment of Substance Abuse	93.959	FRESNO NEW CONNECTIONS, INC.	147,078
Block Grant for Prevention and Treatment of Substance Abuse	93.959	KINGS VIEW CORPORATION	26,856
Block Grant for Prevention and Treatment of Substance Abuse	93.959	MENTAL HEALTH SYSTEMS, INC.	1,127,922
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PRODIGY HEALTHCARE, INC.	127,518
Block Grant for Prevention and Treatment of Substance Abuse	93.959	PROMESA BEHAVIORAL HEALTH	39,538
Block Grant for Prevention and Treatment of Substance Abuse	93.959	TURNING POINT OF CENTRAL CALIFORNIA, INC.	218,401
Block Grant for Prevention and Treatment of Substance Abuse	93.959	TARZANA TREATMENT CENTERS, INC.	29,939
Block Grant for Prevention and Treatment of Substance Abuse	93.959	WESTCARE OF CALIFORNIA, INC.	872,034
Block Grant for Prevention and Treatment of Substance Abuse	93.959	YOUTH LEADERSHIP INSTITUTE	612,433
			<u>\$ 29,684,248</u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF FRESNO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X No
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major Federal programs: Unmodified

- Material weakness identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes No
- Noncompliance material to federal awards? Yes X No
- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? X Yes No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	Supplemental Nutrition Assistance Program
14.231	Emergency Solutions Grant Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund
93.268	Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.778	Medical Assistance Program
93.959	Substance Abuse Prevention and Treatment Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes X No

SECTION II – FINANCIAL STATEMENTS FINDINGS

Finding 2022-001 – Financial Statements and Reporting Process

Criteria

In accordance with *Government Accounting Standards*, internal controls should be designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement. These internal controls should be implemented to ensure that the Annual Comprehensive Financial Report (ACFR) is free of material misstatements.

Condition

During our audit of the ACFR, we noticed that the internal controls over the year-end procedures are not implemented properly to prevent, or detect and correct, material misstatement on a timely basis. Material misstatements were detected during our audit process.

Cause of Condition

The inconsistent accounting and reporting are the results of (1) significant turnover in the Auditor-Controller-Treasurer-Tax Collector (ACTTC) and other County of Fresno (County) departments; (2) newer staff does not have adequate governmental accounting knowledge and skills to record accounting transactions in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for accounting and reporting processes; and (3) insufficient time for proper supervisor review.

Repeat Finding

Yes.

Effect of Condition

This leads to inappropriate accounting transactions (entries) as well as financial reporting issues which leads to materially misstated ACFR balances. Prior period adjustments were made to record a loan liability in the amount of \$4.6 million, a reduction in long-term debt in the amount of \$17 million, and a missing \$25.1 million lease liability. A current year adjustment was made related to the reduction in long-term debt in the amount of \$18.8 million. This condition results in the ACFR preparation being delayed and costing additional County time and resources to prepare ACFR-related schedules.

Recommendation

We recommend the County implement a training program for fiscal staff for all departments who are directly responsible for preparing and reviewing their respective financial information to ensure there is consistency and a sufficient knowledge base to prevent financial accounting, and reporting obstacles. In addition, we recommend each department take direct responsibility for providing accurate financial information for financial statement reporting to assist in compiling the ACFR. We also recommend that the County properly reconcile balances as part of the ACFR preparation process to ensure the accuracy and timeliness of financial reporting data in the County's accounting system. In addition, we recommend experienced fiscal staff or supervisor perform a more thorough review of the accounting work performed by newer inexperienced staff.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. The ACTTC has hired a new set of accountants who are being trained on the County's financial reporting processes. Management is stabilizing the division by requesting the County Administrative Officer to work with Human Resources to review staff compensation to encourage staff to stay and gain the knowledge and necessary experience

in accounting. Management will review year-end processes to ensure that any accruals and adjustments made are reflected in the workpapers provided in the ACFR compilation process. Continued in-depth training will be provided by the ACTTC to the departments during the annual Countywide Training with emphasis given on early preparation to lessen 13th period adjustments. The training will be recorded and available for staff to use as a reference. Lastly, communication will be disseminated to all County departments to ensure they assume responsibility for their accounting and reporting for the ACFR presentation.

SECTION III – FEDERAL AWARD FINDINGS

Finding 2022-002 – Allowable Costs/Cost Principles

Program: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing No.: 21.027

Federal Agency: U.S. Department of the Treasury

Passed Through: N/A – Direct Program

Award Year: Fiscal Year 2021-2022

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: \$376,777

Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition

During our testing of expenditures charged to the program, we noted one payment in the amount of \$494,988 for emergency rental assistance; the amount was a supplemental payment for the month of September 2021 and, based on the invoices provided, the amount should have been \$118,211.

Cause of Condition

The County’s existing internal control system is not operating effectively to provide reasonable assurance that charges to the program are accurate and allowable. The supplemental amount was incorrectly calculated based on a prior processed payment for August 2021 instead of September 2021.

Repeat Finding

No.

Effect of Condition

The County is not in compliance with the allowable cost/cost principles requirements related to the program.

Recommendation

We recommend that the County adhere to its payment procedures and review invoices and other related source documents for completeness, reasonableness, and accuracy. We also recommend the County ensure that source documents match the payment document and that supervisors review payment

documents for accuracy and match pertinent information with invoice, contract, and other related payment source documents with the PeopleSoft voucher that was created.

Management Response and Corrective Action Plan

The County issued reimbursement based on actuals. The voucher created by the department was for \$494,988 and the County reimbursed this amount back to the department. ARPA over claiming started with the payment of the supplemental September 21 invoice that was miscalculated by reducing the Revised September 21 invoice with the Original August 21 invoice, instead of the Original September 21 invoice. This miscalculation was not immediately recognized when the supplemental payment was paid in November 2021. The need to return funds to ARPA was recognized after the DSS Admin completed a reconciliation at end of 2022. This was communicated to DSS Finance in January 2023, thus the discussion between DSS Finance and DSS Admin to finalize the amount. DSS is already in the process of finalizing the amount that needs to be returned to the County ARPA funds. For the corrective action, DSS will be submitting a memo signed by the DSS Director addressed to the CAO for the return of \$376,777 to the County ARPA funds.

Finding 2022-003 – Subrecipient and Contractor Determinations

Program: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing No.: 21.027

Federal Agency: U.S. Department of the Treasury

Passed Through: N/A – Direct Program

Award Year: Fiscal Year 2021-2022

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: \$0

Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per §200.331, a pass-through entity (the County) must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. A pass-through entity (the County) with subrecipients is required to evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Depending upon the pass-through entity’s assessment of risk posed by the subrecipient, the entity must develop techniques/tools to ensure proper accountability and compliance with program requirements and achievement of performance goals by the subrecipient.

Condition

During our testing of compliance with the subrecipient monitoring requirement, we noted that the County did not have formal, written subrecipient monitoring policies or procedures in place, as the Subrecipient Monitoring Policy document was adopted on June 21, 2022. In addition, management did not conduct pre-award evaluations of whether the agreements made by the County for the disbursement of CSLFRF payments cast the party receiving the funds in the role of a subrecipient or contractor, as four out of four CSLFRF recipients were missing documentation regarding the characteristics which support the classifications and the judgments used to make such determinations. Also, the County did not evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

Cause of Condition

The County's existing internal control system is not properly designed to meet the control objectives under subrecipient monitoring.

Repeat Finding

No.

Effect of Condition

There is increased risk of noncompliance with the subrecipient monitoring requirement as set forth in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, which can jeopardize future federal funding as well as result in the payback of federal awards. Failure to perform a comprehensive risk assessment prior to executing subaward agreements may result in an incomplete understanding of a subrecipient's risk profile, and insufficient monitoring or only relying on self-reporting can allow certain risks to go unaddressed and lead to noncompliance with grant requirements. In addition, an incorrect determination could have a significant impact on whether the party receiving federal funds is required to have an audit.

Recommendation

We recommend the County design and implement internal control activities over the subrecipient monitoring compliance requirement under the Uniform Guidance. We also recommend the County establish policies and procedures, especially documentation requirements, to make pre-award determinations of whether each agreement it makes for the disbursement of Federal award funds casts the party receiving the funds in the role of a subrecipient or a contractor. In addition, we recommend the County implement a training program for all staff directly involved in the administration of Federal award funds to become knowledgeable of the cost principles and requirements under the Uniform Guidance.

Management Response and Corrective Action Plan

Management agrees with the findings and has provided the following corrective action plan.

1. County will assess existing policies, design, and implement additional internal control activities over the subrecipients to improve monitoring compliance requirements under the Uniform Guidance.
2. County will establish policies and procedures to document pre-award determinations of whether each agreement it makes for the disbursement of Federal award funds casts the party receiving the funds in the role of a subrecipient or a contractor.
3. County will implement a training program for all staff directly involved in the administration of Federal award funds to become knowledgeable of the cost principles and requirements under the Uniform Guidance.

Finding 2022-004 – Reporting

Program: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Assistance Listing No.: 93.323

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

Passed Through: State of California, Department of Public Health (CDPH)

Award Year: Fiscal Year 2021-2022

Compliance Requirement: Reporting

Questioned Costs: \$0

Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that

provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a subrecipient of the COVID-19 ELC funding, the Centers for Disease and Control Prevention (CDC) requires timely submission of quarterly progress reports, quarterly expenditure reports, and monthly expenditure reports to the pass-through entity, CDPH.

Condition

During our testing of compliance with the reporting requirement, we selected two quarterly progress reports, two quarterly expenditure reports, and two monthly reports, and noted that the County did not submit the six required reports on a timely basis.

Cause of Condition

The County's existing internal control system is not properly designed to meet the control objectives under reporting requirements.

Repeat Finding

No.

Effect of Condition

The County did not comply with ELC reporting requirements.

Recommendation

We recommend the County design and implement proper internal control activities over the reporting compliance requirement to ensure fiscal accountability and reporting requirements are met in a timely manner.

Management Response and Corrective Action Plan

The quarterly reports were managed under Department administration resources during the COVID pandemic response. During this time there were significant vacancies with the Department and consistent turnover that required for staff to be constantly retrained in their duties. As Department administration was able to stabilize its resources the analyst compiling the information from multiple divisions still had the challenge of managing the collection of responses with a highly impacted department staff. The department administration analyst leading the compiling of the information for ELC quarterly reports was also assisting with COVID response duties in ensuring contracts and resources were in place to maintain or adjust COVID response resources. In addition, there was significant turnover and addition of staff at the State level that didn't allow for timely responses to local inquiries that affect contract management and report. After the stabilization of the workforce at both levels there has been significant improvement in meeting timelines.



**COUNTY OF FRESNO
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

I. FINANCIAL STATEMENT FINDINGS

Finding 2022-001 – Financial Statements and Reporting Process (Material Weakness)

Management's Response or Department's Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

The ACTTC has hired a new set of accountants who are being trained on the County's financial reporting processes. Management is stabilizing the division by requesting the County Administrative Officer to work with Human Resources to review staff compensation to encourage staff to stay and gain the knowledge and necessary experience in accounting. Management will review year-end processes to ensure that any accruals and adjustments made are reflected in the workpapers provided in the ACFR compilation process. Continued in-depth training will be provided by the ACTTC to the departments during the annual Countywide Training with emphasis given on early preparation to lessen 13th period adjustments. The training will be recorded and available for staff to use as a reference. Lastly, communication will be disseminated to all County departments to ensure they assume responsibility for their accounting and reporting for the ACFR presentation.

Anticipated Completion Date

August 2023

Contact Information of Responsible Official

Name: Rochelle Garcia
Title: Accounting & Financial Division Chief
Phone: 559-600-1351

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-002 – Coronavirus State and Local Fiscal Recovery Funds – Allowable Cost/Cost Principle (Significant Deficiency)

Management's Response or Department's Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

The County issued reimbursement based on actuals. The voucher created by the department was for \$494,988 and the County reimbursed this amount back to the department. ARPA over claiming started with the payment of the supplemental September 21 invoice that was miscalculated by

reducing the Revised September 21 invoice with the Original August 21 invoice, instead of the Original September 21 invoice. This miscalculation was not immediately recognized when the supplemental payment was paid in November 2021. The need to return funds to ARPA was recognized after the DSS Admin completed a reconciliation at end of 2022. This was communicated to DSS Finance in January 2023, thus the discussion between DSS Finance and DSS Admin to finalize the amount. DSS is already in the process of finalizing the amount that needs to be returned to the County ARPA funds. For the corrective action, DSS will be submitting a memo signed by the DSS Director addressed to the CAO for the return of \$376,777 to the County ARPA funds.

Anticipated Completion Date

May 2023

Contact Information of Responsible Official

Name: Grace Geo
Title: DSS Finance Division Chief
Phone: 559-600-2866

Finding 2022-003 – Coronavirus State and Local Fiscal Recovery Funds – Subrecipient Monitoring (Significant Deficiency)

Management’s Response or Department’s Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

1. County will assess existing policies, design, and implement additional internal control activities over the subrecipients to improve monitoring compliance requirements under the Uniform Guidance.
2. County will establish policies and procedures to document pre-award determinations of whether each agreement it makes for the disbursement of Federal award funds casts the party receiving the funds in the role of a subrecipient or a contractor.
3. County will implement a training program for all staff directly involved in the administration of Federal award funds to become knowledgeable of the cost principles and requirements under the Uniform Guidance.

Anticipated Completion Date/Completion Date

August 2023

Contact Information of Responsible Official

Name: George Uc
Title: Principal Administrative Analyst
Phone: 559-600-1231

Finding 2022-004 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Reporting (Significant Deficiency)

Management’s Response or Department’s Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

The quarterly reports were managed under Department administration resources during the COVID pandemic response. During this time there were significant vacancies with the Department and consistent turnover that required for staff to be constantly retrained in their duties. As Department administration was able to stabilize its resources the analyst compiling the information from multiple divisions still had the challenge of managing the collection of responses with a highly impacted department staff. The department administration analyst leading the compiling of the information for ELC quarterly reports was also assisting with COVID response duties in ensuring contracts and resources were in place to maintain or adjust COVID response resources. In addition, there was significant turnover and addition of staff at the State level that did not allow for timely responses to local inquiries that affect contract management and report. After the stabilization of the workforce at both levels there has been significant improvement in meeting timelines.

Anticipated Completion Date

June 2023

Contact Information of Responsible Official

Name: Chashua Lor
Title: Staff Analyst
Phone: 559-600-6961

**COUNTY OF FRESNO
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS FINDINGS

Finding 2021-001 – Financial Statements and Reporting Process

Criteria

In accordance with *Government Accounting Standards*, internal controls should be designed to provide reasonable assurance of achieving effective and efficient operations, reliable financial performance reporting, or compliance with applicable laws and regulations.

Condition

During our audit of the Annual Comprehensive Financial Report (ACFR), we noticed that the accounting performed across the County was decentralized and lacked consistency across Funds/Departments. This lack of consistency across all accounting, budgeting and reporting functions results in a large number of accounting, budgeting, and reporting adjustments.

Upon discussion with the County's Financial Reporting & Audits (FR&A) division staff, we noted the FR&A's process for compiling the ACFR involved 13th period accruals and adjustments that are reflected in the County's accounting system after year-end close. Based on the workpapers reviewed during the ACFR audit, it does not appear that balances are reconciled to ensure accuracy and timeliness of financial reporting data related to the 13th period accruals and adjustments. In some instances, the adjustments made after year-end for ACFR compilation purposes affect the beginning balance of the next fiscal year in the system.

Cause of Condition

The inconsistent accounting and reporting is the result of (1) fiscal staff failure to follow accounting principles generally accepted in the United States of America (U.S. GAAP) for accounting and reporting processes; (2) lack of knowledgeable supervisors over staff performing accounting, budgeting, and reporting functions; and (3) lack of County fiscal staff following the prescribed accounting, budgeting, and reporting direction as provided by the Auditor-Controller-Treasurer-Tax Collector (ACTTC) accounting and management and Accounting Standards and Procedures for Counties issued by the California State Controller's Office.

Effect of Condition

This leads to inappropriate accounting and budgetary transactions (entries) as well as financial reporting issues which leads to an inefficient use of County resources. Adherence to U.S. GAAP will result in a more cohesive accounting, budgeting, and reporting environment that will lead to direct cost savings as a result of reduced time spent correcting errors. In addition, this condition results in the ACFR preparation being delayed and costing additional time and resources to prepare ACFR-related schedules, as well as increased time and efforts spent by auditors in obtaining information that is relevant to the financial statement audit.

Recommendation

We recommend the County implement a training program for fiscal staff in all departments who are directly responsible for preparing and reviewing their respective financial information to ensure there is consistency and a sufficient knowledge base to prevent financial accounting, budgeting, and reporting obstacles. In addition, we recommend each department take direct responsibility over their fund accounting/reporting to ensure the final year-end balances are ready for ACFR presentation. We also recommend that the County properly reconcile balances as part of the ACFR preparation process to ensure accuracy and timeliness of financial reporting data in the County's accounting system.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Year-end processes will be reviewed to minimize the number of 13th period accruals and adjustments made. Management will ensure that any accruals and adjustments made are reflected in the workpapers provided in the ACFR compilation process. Continued in-depth training will be provided to staff during the annual Countywide Training presented by ACTTC. The training will be recorded and available for staff to use as a reference. Lastly, communication will be disseminated to all County departments to ensure they assume responsibility over their accounting and reporting for the ACFR presentation.

Current Year Status

See current year finding 2022-001.

Finding 2021-002 – Duplicated Receivable Accrual

Criteria

In accordance with *Government Accounting Standards*, governmental entities should establish adequate internal control procedures to ensure proper cut off and review procedure for the year end closing and accrual.

Condition

During our audit of the ACFR, we noticed that there were material differences in receivable accrual between the County's PeopleSoft general ledger details and the FR&A in Pfx Engagement. Upon further investigation, we determined that this difference was due to duplicate accrual of deposits as a result of human error.

Cause of Condition

The closing procedures currently in place did not include sufficient review of accrual items before information was provided to the external auditors. Internal controls have not been suitably designed and implemented over the financial reporting process to ensure that the timely and accurately closure of the general ledger.

Effect of Condition

This led to a material audit adjustment being proposed to the County's financial statements.

Recommendation

We recommend the County implement stronger policies and procedures to ensure that a comprehensive closing of the general ledger is performed in a timely manner, and that sufficient resources and adequate oversight are available to oversee the year-end closing procedures and preparation of the financial statement supporting schedules. We also recommend that the Department strengthen its year-end closing procedures to ensure that all transactions related to the fiscal year are properly captured and recorded in the general ledger to ensure the accuracy and completeness of the financial statements. Lastly, we recommend the Department provide training on an as needed basis for employees with financial reporting responsibilities.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Policies and procedures will be reviewed and revised at the ACTTC and department level to ensure a comprehensive closing of the general ledger is performed accurately and in a timely manner. Management will continue to work diligently to acquire and maintain the proper staffing levels and staff training to compile and present accurate and complete financial statements in a timely manner.

Current Year Status

Implemented.

Finding 2021-003 – Unrecorded Loan Payable (Related to County Service Area (CSA) No. 44 and Waterworks District (WWD) No. 38) (Material Weakness)

Criteria

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), liabilities should be recorded when incurred.

Condition

During our current year audit, we noted that the County of Fresno's (the County) Department of Public Works and Planning (DPW) failed to record a loan payable relating to the revolving loan grant received in the prior year from the State Water Resources Control Board.

Cause of Condition

The DPW lacked experience and understanding of the revolving loan grant funding. In addition, the DPW was short-handed in the accounting and financial reporting area.

Effect of Condition

The liability was materially understated for the prior fiscal year and current fiscal year. As a result, a material adjusting journal entry was proposed, including a prior period adjustment.

Recommendation

The DPW should provide training to the employees handling the accounting and financial reporting of the grant funding. When there are questions or complicated issues relating to the accounting and financial reporting of the grant funding, the DPW can consult with the ACTTC's Office, the grant oversight agency, or other professionals with the expertise to resolve the issues.

Management Response and Corrective Action Plan

Management agrees with the recommendation. If resources are available, training will be provided to employees handling the accounting and financial reporting of the grant funding. If additional assistance is needed, employees will consult with the Auditor-Controller or other professionals for their expertise to resolve issues.

Current Year Status

Implemented.

FEDERAL AWARD FINDINGS

Finding 2021-004 – Coronavirus Relief Fund Subrecipient Monitoring (Significant Deficiency)

Program: Coronavirus Relief Fund (CRF)

Assistance Listing No.: 21.019

Federal Agency: U.S. Department of the Treasury (Treasury)

Passed Through: N/A – Direct Program

Award Year: Fiscal Year 2020-2021

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: \$0

Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per §200.331, a pass-through entity (the County) must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. A pass-through entity (the County) with subrecipients is required to evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Depending upon the pass-through entity’s assessment of risk posed by the subrecipient, the entity must develop techniques/tools to ensure proper accountability and compliance with program requirements and achievement of performance goals by the subrecipient.

In addition, §200.510(b) states that the auditee (the County) must prepare a SEFA for the period covered by the auditee’s financial statements, which must include the total federal awards expended as determined in accordance with §200.502.

Condition

During our testing of compliance with the subrecipient monitoring requirement, we noted the County did not have formal, written subrecipient monitoring policies or procedures in place during FY 2021. In addition, management did not determine whether the agreements made by the County for the disbursement of CARES Act funds cast the party receiving the funds in the role of a subrecipient or contractor, as five out of five subrecipient samples selected for testing were missing documentation regarding the determinations.

Cause of Condition

The County’s existing internal control system is not properly designed to meet the control objectives under subrecipient monitoring.

Repeat Finding

No.

Effect of Condition

There is increased risk of noncompliance with the subrecipient monitoring requirement as set forth in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, which can jeopardize future federal funding as well as result in the payback of federal awards. In addition, as a result of the audit procedures performed, an adjustment was made to correct the overstatement of the amounts passed through to subrecipients by \$426,136.

Recommendation

We recommend the County design and implement internal control activities over the subrecipient monitoring compliance requirement under the Uniform Guidance. We also recommend the County establish policies and procedures in its determinations whether each agreement it makes for the disbursement of CARES Act funds casts the party receiving the funds in the role of a subrecipient or a contractor. Additionally, we recommend the County establish a recordkeeping system to ensure that accounting records and documentation are retained for the time period required in the statutes, regulations, and the terms and conditions applicable to the program.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. The ACTTC's Office will work in conjunction with the County Administrative Office to implement policies, procedures, and controls over subrecipient monitoring and determining whether parties involved are contractors or subrecipients.

The County currently has a designated area where all CARES related records and documentation are kept and will be maintained for the time period required by applicable program terms and conditions, statutes, and regulations.

Current Year Status

Not implemented.

Finding 2021-005 – Emergency Rental Assistance Subrecipient Monitoring (Significant Deficiency)

Program: Emergency Rental Assistance (ERA)

Assistance Listing No.: 21.023

Federal Agency: U.S. Department of the Treasury (Treasury)

Passed Through: N/A – Direct Program

Award Year: Fiscal Year 2020-2021

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: \$0

Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per §200.331, a pass-through entity (the County) must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. A pass-through entity (the County) with subrecipients is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Depending upon the pass-through entity's assessment of risk posed by the subrecipient, the entity must develop techniques/tools to ensure proper accountability and compliance with program requirements and achievement of performance goals by the subrecipient.

Condition

During our testing of compliance with the subrecipient monitoring requirement, we noted monitoring performed by the County Department of Social Services (DSS) did not provide reasonable assurance that the subrecipient complied with laws, regulations, and provisions of the grant agreement as the subrecipient sample selected for testing was missing sufficient documentation.

Cause of Condition

The County's existing internal control system is not properly designed to meet the control objectives under subrecipient monitoring as a result of staffing issue and increased workload due to COVID pandemic.

Repeat Finding

No.

Effect of Condition

There is increased risk of noncompliance with the subrecipient monitoring requirement as set forth in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, which can jeopardize future federal funding as well as result in the payback of federal awards.

Recommendation

We recommend the County design and implement internal control activities over the subrecipient monitoring compliance requirement under the Uniform Guidance. We also recommend the County establish a recordkeeping system to ensure that accounting records and documentation are retained for the time period required in the statutes, regulations, and the terms and conditions applicable to the program.

Management Response and Corrective Action Plan

The DSS performs the following internal control activities to meet the subrecipient monitoring requirements:

- DSS has an in-depth contract compliance process and affiliated procedures as demonstrated by its Policy and Procedures Guide (PPGs) and accompany documents, established in 2019. In 2020 and 2021, the formal contract compliance procedures were temporarily suspended due to the significantly increased workload and staffing issues as a result of the COVID pandemic. However, contract monitoring was still occurring via regular monitoring meetings, in-depth financial invoice review including review of supporting financial documentation, development of a grievance process for the newly established program and completed extensive Federal monthly reports requiring program data. The DSS has since re-established the in-depth contract monitoring process and activities which includes internal control activities to ensure compliance under the Uniform Guidance. The DSS will review the recordkeeping system and quality control process to ensure all required documents are completed and retained for the required time period.
- The County's ERA program began in April 2021. As this was a new program with continually changing process as directed by the US Treasury, DSS was in weekly contact with the subrecipient on all things including policies and procedures, program implementation and reporting. Because of this weekly contact, the DSS did not hold a formal contract monitoring meeting with the subrecipient until October 2021 and followed up with meetings in early 2022. As DSS staff was in contact with the subrecipient on a weekly basis, contract monitoring was occurring regularly during the program start up stage with the formal meetings beginning in 2022.

Current Year Status

Implemented.