

**COUNTY OF INYO**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**COUNTY OF INYO**

Single Audit Report  
For the Year Ended June 30, 2013

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

Board of Supervisors and Grand Jury  
County of Inyo  
Independence, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Inyo (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2014. Our audit includes a reference to other auditors who audited the financial statements of First 5 Inyo County, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

Board of Supervisors and Grand Jury  
County of Inyo

**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Roseville, California  
March 28, 2014



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

Board of Supervisors and Grand Jury  
County of Inyo  
Independence, California

**Report on Compliance for Each Major Federal Program**

We have audited the County of Inyo's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Basis for Qualified Opinion on CFDA 93.558 Temporary Assistance for Needy Families**

As described in the accompanying schedule of findings and questioned costs, the County of Inyo did not comply with requirements regarding CFDA 93.558 Temporary Assistance for Needy Families as described in finding number 2013-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County of Inyo to comply with the requirements applicable to that program.

### **Qualified Opinion on Temporary Assistance for Needy Families**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Temporary Assistance for Needy Families for the year ended June 30, 2013.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-002 to be a significant deficiency.



Board of Supervisors and Grand Jury  
County of Inyo

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2013, and have issued our report thereon dated March 28, 2014, which contained an unmodified opinion on those financial statements. Our audit includes a reference to other auditors who audited the financial statements of First 5 Inyo County, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Matters**

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



Roseville, California  
March 28, 2014

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**COUNTY OF INYO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	\$ 377,127
Passed through State Department of Health Care Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	313,455
Total U.S. Department of Agriculture			\$ 690,582
<u>U.S. Department of Justice</u>			
Direct Programs:			
2012 Domestic Cannabis Eradication/Suppression Program	16.000	2012-21	7,500
COPS Technology Grant	16.710	--	82,753
Subtotal Direct Programs			90,253
Passed through California Emergency Management Agency:			
Crime Victim Witness Assistance Program	16.575	VW12210140	30,268
Unserved Victim Advocacy & Outreach Program	16.575	UV11020140 & UV12030140	83,815
Subtotal CFDA Number 16.575			114,083
Anti Drug Abuse Enforcement Program	16.738	BSCC621-12	63,143
Evidenced-Based Probation Supervision Program	16.738	ZP09010140	42,294
Subtotal CFDA Number 16.738			105,437
Total U.S. Department of Justice			\$ 309,773
<u>U.S. Department of Labor</u>			
Passed through Kern County:			
Workforce Investment Act - Adult Program	17.258	--	100,863
Total U.S. Department of Labor			\$ 100,863
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation (Division of Aeronautics):			
Airport Improvement Program	20.106	AIP 03-06-0024-012-2008	407,081
Airport Improvement Program	20.106	AIP-03-06-0126-008-2011	55,898
Subtotal CFDA 20.106			462,979
Highway Planning and Construction	20.205	BRLO-5948-(073)	265,451
Highway Planning and Construction	20.205	BRLO-5947-(051)	1,418,771
Highway Planning and Construction	20.205	BRLO-5947-(075)	7,618
Highway Planning and Construction	20.205	BRLO-5947-(074)	7,940
Highway Planning and Construction	20.205	BRLO-5947-(076)	7,776
Highway Planning and Construction	20.205	BRLO-5947-(077)	16,878
Subtotal CFDA 20.205			1,724,434
Total U.S. Department of Transportation			\$ 2,187,413

See accompanying Notes to Schedule of Federal Awards

**COUNTY OF INYO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Energy</u>			
Direct Program:			
Yucca Mountain Oversight Grant	81.065	--	\$ 61,865
Passed through State Controller's Office:			
Federal Geothermal Program	81.000	--	56,406
Total U.S. Department of Energy			\$ 118,271
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Child Support Services :			
Child Support Enforcement	93.563	--	597,893
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	--	6,143
Temporary Assistance for Needy Families	93.558	--	889,864
Community-Based Child Abuse Prevention Grants	93.590	--	26,226
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	15,659
Foster Care - Title IV-E	93.658	--	544,089
Adoption Assistance Program	93.659	--	7,044
Social Services Block Grant	93.667	--	42,539
Chafee Foster Care Independence Program	93.674	--	13,154
Subtotal Pass-Through			1,544,718
Passed through State Department of Aging:			
Title VII Elder Abuse Prevention	93.041	--	690
Title VII: Ombudsman	93.042	--	19,451
IIIB: Supportive Services	93.044	--	142,291
Title III, Part C, Nutrition Services	93.045	--	235,024
IIIE: NFCSP	93.052	--	24,664
Nutrition Services Incentive Program	93.053	-	52,348
Subtotal Pass-Through			474,468
Passed through State Department of Public Health:			
Maternal and Child Health Federal Consolidated Programs	93.110	--	125,445
Immunization Grants	93.268	--	29,000
HIV Prevention Activities - Health Department Based	93.940	--	61,546
HIV/AIDS Surveillance	93.944	--	5,214
Public Health Emergency Preparedness	93.069	--	209,835
Subtotal Pass-Through			431,040
Passed through State Department of Health Care Services:			
Children's Health Insurance Program	93.767	--	39,420
Medical Assistance Program	93.778	--	330,656
Maternal and Child Health Services Block Grant to the States	93.994	--	46,651
Subtotal Pass-Through			416,727
Passed through the State Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	--	166,381

See accompanying Notes to Schedule of Federal Awards

**COUNTY OF INYO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u> (continued)			
Passed through State Department of Alcohol and Drug Abuse Programs:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	\$ 345,508
Total U.S. Department of Health and Human Services			\$ 3,976,735
<u>U.S. Department of Homeland Security</u>			
Passed through Governor's Office of Homeland Security:			
State Homeland Security Program (SHSP)	97.073	FY 2009	18,954
State Homeland Security Program (SHSP)	97.073	FY 2011	47,300
State Homeland Security Program (SHSP)	97.073	FY 2012	325
Subtotal CFDA 97.073			66,579
Total U.S. Department of Homeland Security			\$ 66,579
Total Expenditures of Federal Awards			\$ 7,450,216

See accompanying Notes to Schedule of Federal Awards

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COUNTY OF INYO

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

NOTE 1: **REPORTING ENTITY**

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

NOTE 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is prepared on a modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

NOTE 4: **PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

NOTE 5: **LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2013 as follows:

Federal CFDA#	Program Title	Amount Outstanding	
		July 1, 2012	June 30, 2013
14.239	HOME Investment Partnerships Program	\$ 780,000	\$ 780,000

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**COUNTY OF INYO**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

**Section 1**

Summary of Auditor's Results

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:  | Unmodified    |
| 2. Internal control over financial reporting:                                    |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                         | No            |

Federal Awards

- |   |            |
|---|------------|
| 1. Internal controls over major program:  |            |
| a. Material weaknesses identified?  | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses?  | Yes        |
| 2. Type of auditor's report issued on compliance for major programs:  |            |
| Temporary Assistance for Needy Families   | Qualified  |
| All Other Major Programs  | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes        |
| 4. Identification of major programs:  |            |

CFDA Number

Name of Federal Program

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
20.106	Airport Improvement Program
20.205	Highway Planning and Construction
93.044, 93.045, 93.053	Aging Cluster
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.959	Block Grants for Prevention and Treatment of Substance Abuse

**COUNTY OF INYO**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

**Section 1 (continued)**

Federal Awards

Summary of Auditor's Results

- |   |            |
|---|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs.       | \$ 300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No         |

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

Federal Awards Findings and Questioned Costs

CFDA 93.558	2013-001
CFDA 93.044, 93.045, 93.053	2013-002

## COUNTY OF INYO

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

<b>Reference Number</b>	2013-001
<b>Federal Program Title</b>	Temporary Assistance for Needy Families
<b>CFDA Number</b>	93.558
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Entity</b>	State Department of Social Services
<b>Compliance Requirement</b>	Eligibility

#### Criteria

Determine whether required eligibility determinations were made, (including obtaining any required documentation/verifications), and that individual program participants were determined to be eligible, and that only eligible individuals participated in the program.

#### Condition

During our testing of supplemental benefit payments for this program we identified detail activity for nine supplemental benefit payments that were either large or unusual. In one case, supplemental benefit payments for the fiscal year did not have any eligibility documents in the file at all.

#### Questioned Costs

There is \$15,460 of questioned costs. They were calculated using the detail payroll reports for the issuance of supplemental benefit payments by case number for FY 2012/2013.

#### Cause

The County did not have sufficient internal controls and proper oversight in place to ensure that employees were properly supervised and that there was proper segregation of duties.

#### Effect of the Condition

The effect is federal Temporary Assistance for Needy Family benefits may be misappropriated.

#### Recommendation

We recommend that the County design and implement proper internal controls, segregation of duties, and timely reviews of case files that belong to County eligibility workers.

#### Corrective Action Plan

The following procedures have been implemented in the Eligibility program to insure that the proper internal controls continue to be enforced and all staff follow the proper procedures.

- All eligibility staff now work in a task-based, caseload rotation where there is no longer any one case worker assigned to a specific case. All cases are processed and reviewed by several case workers and supervisors to insure that all required information is in the file.
- Administrative Rights in the C-IV system – No single person has the ability to approve benefits, issue benefits and print an EBT card. Now a case worker meets with clients and does the work within the system to determine the client's eligibility, and the Human Services Supervisor reviews and approves the case. Only the front office clerical staff has the ability to print the EBT cards, and they have no ability to issue benefits for a client. There is now a clear segregation of duties so that no one person can do the whole process.

## COUNTY OF INYO

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

**Reference Number** 2013-001

#### Corrective Action Plan (continued)

- The Social Services Director has been reassigned to the Eligibility Office and now provides direct oversight of the office and staff and monitors adherence to the internal controls.
- The HHS Department established an Oversight Committee to identify, monitor, and address vulnerabilities within the eligibility programs. The Oversight Committee, which consists of two Human Services Supervisors, Social Services Director, HHS Director, Senior Management Analyst, Assistant Director, Management Analyst, and two Administrative Analysts meets monthly to identify and address gaps in internal controls, develop and/or approve policies and procedures, and review issuance reports.
- All supplemental benefits are compiled monthly into an excel spreadsheet and sorted by name. If there is more than one benefit issuance for a client (even if there are separate benefits issued in one month) the list is sent to the Oversight Committee. Each case is reviewed and an explanation must be provided by the Human Services Supervisors. Additionally the Fiscal Administrative Analyst also insures that if a supplemental benefit is issued to a client for a prior month that the client hasn't previously been issued a supplemental for the month in question.
- Once an EBT card is authorized, a card is printed by the front office staff person to be either mailed to the client at the address on file or picked up by the client. Clients picking up an EBT are required to provide identification and sign for the release of the card. A staff person who does not have authority to issue an EBT card can then assist the client in activating the card or the client also has the option of using the toll free number to activate the card. EBT card stock is counted, logged and maintained in a locked cabinet and requires two people to sign off on the number of cards removed from the general stock. Card stock signed out of the cabinet is inserted in the EBT machine which is maintained in a locked office. Additionally the HHS department is in the process of purchasing video cameras to be placed over the EBT card printing machines to monitor card printing activity as an additional security measure.
- Each week the forms that are completed by the client for issuance of an EBT card are sent to the Senior Management Analyst for review. The Senior Management Analyst goes into the State Automated Reconciliation System (SARS) and runs the report which shows all of the EBT cards that were printed and verifies them against the form, the C-IV system and SARS to insure that there weren't any cards fraudulently printed.
- The Quality Assurance Administrative Analyst randomly selects 3-5 cases per month to review. The reviewer verifies that the required information and eligibility documents are present. If exceptions are found, the Administrative Analyst forwards the findings to the Human Services Supervisors to explain and/or resolve.

For questions regarding this corrective action plan, please contact Marilyn Mann, Director of Social Services at 760-872-0941.

## COUNTY OF INYO

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

<b>Reference Number</b>	2013-002
<b>Federal Program Title</b>	Aging Cluster
<b>CFDA Numbers</b>	93.044, 93.045, 93,053
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Entity</b>	State Department of Aging
<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

#### Criteria

Direct payroll charges to federal grants for employee time spent on grant functions must be supported with the documentation required by OMB Circular A-87. Where the applicable employees worked on an allowable grant activity as well as non-grant related activities and/or activities related to other grants, required documentation consists of reports signed by each employee accounting for the total number of hours worked and showing an actual distribution of those hours to grant and non-grant functions. These reports must be prepared at least monthly and should coincide with one or more pay periods. Substitute methods may be used, but only if such methods have been approved by the Federal agency overseeing the grant (2 CFR 225, Appendix B § (8)(h)).

#### Condition

All employees who charged time for payroll to this program were not required to perform time studies. The Department used the budgets to allocate the percentage of the Department's salaries for the employees.

#### Questioned Costs

Based on the documentation that was provided us and reviewed by us, we did not feel it was necessary to question any costs.

#### Cause

Allocation of payroll expenditures based on the approved budget was the method of charging payroll to the grant for the entire fiscal year. This procedure may have been used due to a combination of staff turnover and a lack of understanding of all the required implementation steps.

#### Effect of Condition

Failing to produce and retain signed time studies renders substantiation of personnel time spent on grant functions difficult. If time studies are not performed to properly allocate payroll by employees, the time could be charged to grants employees didn't even work on, resulting in incorrect payroll charges to federal awards.

#### Recommendation

We recommend that Department employees who perform any work on grant functions perform time studies. Time studies could be routinely signed at the same time as the preparation of timecards for the payroll process.

**COUNTY OF INYO**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

**Reference Number**                      2013-002 (continued)

Corrective Action Plan

The Department has re-implemented the monthly time study procedure that had been in place in prior years. Each employee that is budgeted in the Aging programs is required to complete a time study one week of each month, which is the procedure that was approved by the California Department of Aging (CDA). The monthly expenditure reports that are completed for CDA incorporate these time studies into them to properly reflect the appropriate claiming of the grant funds.

For questions regarding this corrective action plan, please contact Denelle Carrington, Senior Management Analyst at 760-878-0246.

**COUNTY OF INYO**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2013

None

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**SUPPLEMENTARY SCHEDULE  
OF  
THE CALIFORNIA EMERGENCY  
MANAGEMENT AGENCY GRANT EXPENDITURES**

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**COUNTY OF INYO**

Supplementary Schedule of the  
California Emergency Management Agency Grant Expenditures  
For the Year Ended June 30, 2013

**California Emergency Management Agency Grants**

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2013. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2012	For the Year Ended June 30, 2013	Cumulative As of June 30, 2013	Federal Share	State Share	County Share
<b>Anti-Drug Abuse Enforcement Program - BSCC621-12</b>						
Personal services	\$ 38,200	\$ 62,066	\$ 100,266	\$ 30,170	\$ 31,896	\$ --
Operating expenses	59,143	32,603	91,746	32,973	--	--
<b>Totals</b>	<b>\$ 97,343</b>	<b>\$ 94,669</b>	<b>\$ 192,012</b>	<b>\$ 63,143</b>	<b>\$ 31,896</b>	<b>\$ --</b>
<b>Crime Victim Witness Assistance Program - VW12210140</b>						
Personal services	\$ 78,278	\$ 65,100	\$ 143,378	\$ 30,268	\$ 34,832	\$ --
<b>Totals</b>	<b>\$ 78,278</b>	<b>\$ 65,100</b>	<b>\$ 143,378</b>	<b>\$ 30,268</b>	<b>\$ 34,832</b>	<b>\$ --</b>
<b>Unserviced Victim Advocacy &amp; Outreach Program - UV11020140 &amp; UV12030140</b>						
Personal services	\$ 85,002	\$ 61,772	\$ 146,774	\$ 61,772	\$ --	\$ --
Operating expenses	28,685	22,043	50,728	22,043	--	--
<b>Totals</b>	<b>\$ 113,687</b>	<b>\$ 83,815</b>	<b>\$ 197,502</b>	<b>\$ 83,815</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Evidenced-Based Probation Supervision Program - ZP09010140</b>						
Personal services	\$ 2,293	\$ 1,734	\$ 4,027	\$ 1,734	\$ --	\$ --
Operating expenses	7,718	40,560	48,278	40,560	--	--
Equipment	2,059	--	2,059	--	--	--
<b>Totals</b>	<b>\$ 12,070</b>	<b>\$ 42,294</b>	<b>\$ 54,364</b>	<b>\$ 42,294</b>	<b>\$ --</b>	<b>\$ --</b>