

COUNTY OF ORANGE, CALIFORNIA

Single Audit Report
For the Year Ended June 30, 2018

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

Board of Supervisors
County of Orange, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 17, 2018. Our report included an emphasis of matter paragraph regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and No. 85, *Omnibus 2017*, effective July 1, 2017. Our report also includes a reference to other auditors who audited the financial statements of the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima), as described in our report on the County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

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*.

County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Laguna Hills, California
December 17, 2018



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE; AND REPORT ON SUPPLEMENTARY SCHEDULE OF GRANT EXPENDITURES FOR GRANTS PROVIDED BY THE CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY, DEPARTMENT OF AGING

Board of Supervisors
County of Orange, California

Report on Compliance for Each Major Federal Program

We have audited the County of Orange, California's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Children and Families Commission of Orange County (CFCOC) and the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) (discretely presented component units), which expended \$519,989 and \$1,949,675, respectively, in federal awards, which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2018. Our audit, described below, did not include the operations of the CFCOC and CalOptima. CalOptima engaged other auditors to perform an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The CFCOC did not issue a report in accordance with the Uniform Guidance because it did not meet the reporting threshold under the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions 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 Nos. 17.258/17.259/17.278 Workforce and Innovation Opportunity Act (WIOA) Cluster

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA Nos. 17.258/17.259/17.278 Workforce and Innovation Opportunity Act (WIOA) Cluster as described in finding 2018-002 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on CFDA Nos. 17.258/17.259/17.278 Workforce and Innovation Opportunity Act (WIOA) Cluster

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 CFDA Nos. 17.258/17.259/17.278 Workforce and Innovation Opportunity Act (WIOA) Cluster for the year ended June 30, 2018.

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, 2018.

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 2018-003 through 2018-008. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-002 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-003 through 2018-008 to be significant deficiencies.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Report on Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 17, 2018, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter paragraph regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and No. 85, *Omnibus 2017*, effective July 1, 2017. Our report also included a reference to other auditors who audited the financial statements of CalOptima, as described in our report on the County's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and the supplementary schedule of grant expenditures for grants provided by the California Health and Human Services Agency, Department of Aging, are presented for purposes of additional analysis as required by the Uniform Guidance and the California Health and Human Services Agency, Department of Aging, respectively, and are 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 and the supplementary schedule of grant expenditures for grants provided by the California Health and Human Services Agency, Department of Aging, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Varrinich Train, DMS & Co., LLP

Laguna Hills, California
March 28, 2019

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
U.S. Department of Agriculture						
Plant and Animal Disease, Pest Control, and Animal Care						
Phytophthora Ramorum Program (Indirect)	10.025	17-0213-008-SF	CA Dept. of Food & Agriculture	\$ 14,520	\$ -	OC Public Works
Pierce's Disease Control Program (Indirect)	10.025	16-0329-SF	CA Dept. of Food & Agriculture	497,668	-	OC Public Works
Subtotal 10.025				<u>512,188</u>	<u>-</u>	
School Breakfast Program (Indirect)	10.553	02039-SN-30-R	CA Dept. of Education	40,713	-	Social Services Agency
School Breakfast Program (Indirect)	10.553	30-34306-9003500-1	CA Dept. of Education	202,786	-	Probation
National School Lunch Program (Indirect)	10.555	02039-SN-30-R	CA Dept. of Education	60,014	-	Social Services Agency
National School Lunch Program (Indirect)	10.555	30-34306-9003500-1	CA Dept. of Education	323,470	-	Probation
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)				<u>626,983</u>	<u>-</u>	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children						
Women, Infants, and Children (WIC) (Indirect)	10.557	15-10073	CA Dept. of Public Health	4,505,376	-	Health Care Agency
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program						
CalFresh-EBT 3 (Indirect)	10.561			12,031	-	Social Services Agency
Non-Assisted Benefits (Indirect)	10.561	1946001347 A7	CA Dept. of Social Services	32,293,128	-	Social Services Agency
Non-Assisted Benefits-CA Work Opportunity and Responsibility to Kids Information Network (CalWIN) (Indirect)	10.561	1946001347 A7	CA Dept. of Social Services	1,651,421	-	Social Services Agency
Nutrition Education and Obesity Prevention Program (Indirect)	10.561	16-10144	CA Dept. of Public Health	3,315,252	1,611,215	Health Care Agency
Subtotal 10.561 (SNAP Cluster)				<u>37,271,832</u>	<u>1,611,215</u>	
Senior Farmers Market Nutrition Program						
Value of Senior Farmer's Market Coupons (Indirect)	10.576		CA Dept. of Food & Agriculture	34,960	-	OC Community Resources
Schools and Roads - Grants to States						
Federal Forest Reserve Fund (Indirect)	10.665	12-5955	CA Dept. of Transportation	63,976	-	OC Public Works
Subtotal 10.665 (Forest Service Schools and Roads Cluster)				<u>63,976</u>	<u>-</u>	
Subtotal - U.S. Department of Agriculture						
U.S. Department of Health and Human Services						
Special Programs for the Aging Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation						
Title VII-B: Elder Abuse Prevention (Indirect)	93.041	AP-1718-22	CA Dept. of Aging	36,812	36,812	OC Community Resources
Special Programs for the Aging Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals						
Title VII-A: Ombudsman (Indirect)	93.042	AP-1718-22	CA Dept. of Aging	100,948	100,948	OC Community Resources
Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services						
Title III-D: Preventive Health (Indirect)	93.043	AP-1718-22	CA Dept. of Aging	154,067	40,000	OC Community Resources
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers						
Title III-B: Senior Supportive Services (Indirect)	93.044	AP-1718-22	CA Dept. of Aging	2,368,866	1,759,731	OC Community Resources
Special Programs for the Aging Title III, Part C, Nutrition Services						
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP-1718-22	CA Dept. of Aging	2,334,844	2,022,729	OC Community Resources
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP-1718-22	CA Dept. of Aging	2,459,375	2,302,293	OC Community Resources
National Family Caregiver Support, Title III, Part E						
Title III-E: National Family Caregiver Support Program (Indirect)	93.052	AP-1718-22	CA Dept. of Aging	1,145,310	797,481	OC Community Resources
Nutrition Services Incentive Program						
Title III-C1: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-1718-22	CA Dept. of Aging	277,537	277,537	OC Community Resources
Title III-C2: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-1718-22	CA Dept. of Aging	753,583	753,583	OC Community Resources
Subtotal 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, and 93.053 (Aging Cluster)				<u>9,631,342</u>	<u>8,091,114</u>	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
Public Health Emergency Preparedness						
Zika Preparedness and Response Grant (Indirect)	93.069	16-10879	CA Dept. of Public Health	\$ 19,175	\$ -	Health Care Agency
Medicare Enrollment Assistance Program						
Medicare Improvements for Patients and Provider Act (MIPPA) (Indirect)	93.071	MI-1718-22	CA Dept. of Aging	70,368	65,717	OC Community Resources
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements						
Hospital Preparedness Program (HPP) (Indirect)	93.074	17-10179	CA Dept. of Public Health	830,130	-	Health Care Agency
Public Health Emergency Preparedness (PHEP) (Indirect)	93.074	17-10179	CA Dept. of Public Health	<u>2,846,960</u>	-	Health Care Agency
Subtotal 93.074				<u>3,677,090</u>	<u>-</u>	
Guardianship Assistance						
FEDGAP Assistance (Indirect)	93.090	1946001347 A7	CA Dept. of Social Services	595,102	-	Social Services Agency
Guardianship Assistance (Indirect)	93.090	1946001347 A7	CA Dept. of Social Services	<u>132,474</u>	-	Social Services Agency
Subtotal 93.090				<u>727,576</u>	<u>-</u>	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs						
TB Local Assistance (Base Award) (Indirect)	93.116	5NU52PS004656	CA Dept. of Public Health	651,738	-	Health Care Agency
Projects for Assistance in Transition from Homelessness (PATH)						
Projects for Assistance in Transition from Homelessness (PATH) Grant (Indirect)	93.150	68-0317191	CA Dept. of Health Care Services	547,190	547,190	Health Care Agency
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children						
Childhood Lead Poisoning Prevention Program (CLPPP) (Indirect)	93.197	17-10252	CA Dept. of Public Health	245,381	-	Health Care Agency
Immunization Cooperative Agreements						
Pediatric Immunization - Immunization Assistance Program (IAP) (Indirect)	93.268	17-10336	CA Dept. of Public Health	688,839	-	Health Care Agency
Epidemiology and Laboratory Capacity for Infectious Disease (ELC)						
Enhanced Gonorrhea Isolate Surveillance Project (eGISP) (Indirect)	93.323	6NU50CK000410	Public Health Foundation Enterprises, Inc.	8,443	-	Health Care Agency
PHFE ELC Zika (Indirect)	93.323	6NU50CK000410-03-06	Public Health Foundation Enterprises, Inc.	<u>25,809</u>	-	Health Care Agency
Subtotal 93.323				<u>34,252</u>	<u>-</u>	
State Health Insurance Assistance Program						
Health Insurance Counseling and Advocacy Program (Indirect)	93.324	HI-1718-22	CA Dept. of Aging	166,957	166,957	OC Community Resources
Cancer Detection and Diagnosis Research						
Every Woman Counts (EWC) (Indirect)	93.394	16-93230	CA Dept. of Public Health	5,000	-	Health Care Agency
Promoting Safe and Stable Families						
Family Preservation (Indirect)	93.556	1946001347 A7	CA Dept. of Social Services	2,164,127	-	Social Services Agency
Temporary Assistance for Needy Families						
CalWORKs (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	23,863,099	-	Social Services Agency
CalWORKs-CalWIN (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	663,560	-	Social Services Agency
CalWORKs Admin (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	96,626,922	-	Social Services Agency
CalWORKs-EBT 3 (Indirect)	93.558			<u>5,866</u>	-	Social Services Agency
Subtotal 93.558 (TANF Cluster)				<u>121,159,447</u>	<u>-</u>	
Child Support Enforcement						
Child Support Enforcement Program (Indirect)	93.563	06-059	CA Dept. of Child Support Services	34,681,530	-	Child Support Services
Support Enforcement Incentive Fund (Indirect)	93.563	06-059	CA Dept. of Child Support Services	<u>3,180,205</u>	-	Child Support Services
Subtotal 93.563				<u>37,861,735</u>	<u>-</u>	
Refugee and Entrant Assistance State/Replacement Designee Administered Programs						
Refugee Cash Assistance (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	157,506	-	Social Services Agency
Refugee Employment Social Services (Indirect)	93.566	ORSA1604, ORSA1703, RESS1503, RESS1604, RESS1703	CA Dept. of Social Services	295,177	-	Social Services Agency
Refugees-EBT3 (Indirect)	93.566			21	-	Social Services Agency
Welfare Aid to Refugees (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	108,219	-	Social Services Agency
Welfare Aid to Refugees - CalWIN (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	<u>3,507</u>	-	Social Services Agency
Subtotal 93.566				<u>564,430</u>	<u>-</u>	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
Refugee and Entrant Assistance Voluntary Agency Programs						
Refugee Health Assessment Program (Indirect)	93.567	16-30-90899-00, 17-30-90899-00	CA Dept. of Public Health	\$ 146,632	\$ 141,500	Health Care Agency
Child Care and Development Block Grant						
California State Preschool Program (Indirect)	93.575	CSP7339	CA Dept. of Education	2,016	-	Social Services Agency
Child Care Mandatory and Matching Funds of the Child Care and Development Fund						
California State Preschool Program (Indirect)	93.596	CSP7339	CA Dept. of Education	4,704	-	Social Services Agency
Subtotal 93.575 and 93.596 (CCDF Cluster)				6,720	-	
Refugee and Entrant Assistance Targeted Assistance Grants						
Targeted Assistance Grant (Indirect)	93.584	TAF0 1503, TAF0 1603, TAF0 1703	CA Dept. of Social Services	249,421	-	Social Services Agency
Community-Based Child Abuse Prevention Grants						
Community Based Child Abuse Prevention (Indirect)	93.590	1946001347 A7	CA Dept. of Social Services	92,143	-	Social Services Agency
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment						
SHIP Options Counseling for Medicare/Medicaid-Financial Alignment (Indirect)	93.626	FA-1718-22	CA Dept. of Aging	14,464	12,512	OC Community Resources
Stephanie Tubbs Jones Child Welfare Services Program						
Child Welfare System Title IV-B (Indirect)	93.645	1946001347 A7	CA Dept. of Social Services	2,058,650	-	Social Services Agency
Foster Care Title IV-E						
Children Welfare System Title IV-E (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	1,425,520	-	Probation
Children Welfare System Title IV-E (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	25,815,798	-	Social Services Agency
Foster Care-CalWIN (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	118,220	-	Social Services Agency
Welfare Aid to Children in Boarding Homes (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	9,438,661	5,085,856	Social Services Agency
Subtotal 93.658				36,798,199	5,085,856	
Adoption Assistance						
Adoption Assistance (Indirect)	93.659	1946001347 A7	CA Dept. of Social Services	20,998,425	-	Social Services Agency
Adoptions (Indirect)	93.659	1946001347 A7	CA Dept. of Social Services	1,981,644	-	Social Services Agency
Subtotal 93.659				22,980,069	-	
Social Services Block Grant (Indirect)	93.667	1946001347 A7	CA Dept. of Social Services	4,529,714	-	Social Services Agency
Chafee Foster Care Independence Program						
Independent Living Skills (Indirect)	93.674	1946001347 A7	CA Dept. of Social Services	493,973	-	Social Services Agency
Children's Health Insurance Program						
CA Children Services (CCS) Optional Targeted Low Income Children Program (Indirect)	93.767		CA Dept. of Health Care Services	1,930,130	-	Health Care Agency
Medical Assistance Program						
CA Children Services (CCS) Medi-Cal (Indirect)	93.778		CA Dept. of Health Care Services	5,997,013	-	Health Care Agency
Child Health and Disability Prevention (CHDP) Program Title XIX (Indirect)	93.778	201730	CA Dept. of Health Care Services	782,584	-	Health Care Agency
Child Welfare Services-Health (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	3,087,389	-	Social Services Agency
Children in Foster Care Title XIX-Administrative Expenses (Indirect)	93.778	201730	CA Dept. of Health Care Services	270,640	-	Health Care Agency
Children in Foster Care Title XIX-Health Care Program for Children in Foster Care (HCPFC) (Indirect)	93.778	201730	CA Dept. of Health Care Services	627,050	-	Health Care Agency
County Services Block Grant and Adult Protective Services-Health (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	3,689,031	-	Social Services Agency
HCPFC Psychotropic Medication Monitoring and Oversight (PMM&O) (Indirect)	93.778	201730	CA Dept. of Health Care Services	88,751	-	Health Care Agency
Medi-Cal (Indirect)	93.778	MCAC 2017-18-01R	CA Dept. of Health Care Services	116,152,486	-	Social Services Agency
Medi-Cal CalWIN (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	4,753,116	-	Social Services Agency
Medi-Cal In-Home Supportive Services (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	11,638,574	-	Social Services Agency
Medi-Cal In-Home Supportive Services Admin (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	11,881,332	-	Social Services Agency
Medi-Cal Outreach & Enrollment (Indirect)	93.778		CA Dept. of Health Care Services	313,979	-	Social Services Agency
Subtotal 93.778 (Medicaid Cluster)				159,281,945	-	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
HIV Emergency Relief Project Grants						
Minority AIDS Initiative (MAI) (Direct)	93.914			\$ 460,605	\$ 411,074	Health Care Agency
Ryan White Part A (Direct)	93.914			6,010,879	2,370,016	Health Care Agency
Subtotal 93.914				6,471,484	2,781,090	
HIV Care Formula Grants						
Care Services (Indirect)	93.917	15-11067 A01	CA Dept. of Public Health, Office of AIDS	2,421,008	785,898	Health Care Agency
HIV Care Program X08 (Indirect)	93.917	17-10774	CA Dept. of Public Health, Office of AIDS	74,800	-	Health Care Agency
Human Immunodeficiency Virus (HIV) Expanded Testing (Indirect)	93.917	14-10737	CA Dept. of Public Health, Office of AIDS	37,962	-	Health Care Agency
Subtotal 93.917				2,533,770	785,898	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease						
Ryan White Part C (HIV Primary Care) (Direct)	93.918			581,332	-	Health Care Agency
HIV Prevention Activities Health Department Based						
Pre-Exposure Prophylaxis (PrEP) (Indirect)	93.940	15-10972	CA Dept. of Public Health	714,011	-	Health Care Agency
Prevention, Testing and Partner Services (Indirect)	93.940	15-10943	CA Dept. of Public Health, Office of AIDS	1,049,703	480,391	Health Care Agency
Subtotal 93.940				1,763,714	480,391	
Block Grants for Community Mental Health Services						
Substance Abuse and Mental Health Services Administration (SAMHSA), Community Mental Health Services Block Grant (MHBG) (Indirect)	93.958	68-0317191	CA Dept. of Health Care Services	2,613,046	1,311,574	Health Care Agency
Block Grants for Prevention and Treatment of Substance Abuse						
Alcohol and Drug Program (Indirect)	93.959	17-94147	CA Dept. of Health Care Services	19,160,900	11,105,044	Health Care Agency
Sexually Transmitted Diseases (STD) Prevention and Control Grants						
Chlamydia Screening Project (CLASP) (Indirect)	93.977	15-10259	CA Dept. of Public Health	35,073	-	Health Care Agency
Gonorrhea Isolate Surveillance Project (GISP) (Indirect)	93.977	15-10259	CA Dept. of Public Health	3,247	-	Health Care Agency
STD/HIV Service Integration (Indirect)	93.977	15-10259	CA Dept. of Public Health	130,688	-	Health Care Agency
Subtotal 93.977				169,008	-	
Maternal and Child Health Services Block Grant to the States						
Maternal, Child Health, and Adolescent Health (MCAH) (Indirect)	93.994	201730	CA Dept. of Public Health	1,150,510	24,381	Health Care Agency
Subtotal - U.S. Department of Health and Human Services				441,240,471	30,599,224	
U.S. Department of Homeland Security						
Disaster Grants-Public Assistance (Presidentially Declared Disasters)						
FEMA - October 2017 California Wildfires (Indirect)	97.036	FEMA-4344-DR-CA	California Office of Emergency Services	5,704	-	Social Services Agency
(Indirect)	97.036	FEMA-4305-DR-CA, Cal OES ID: 059-00000	CA Governor's Office of Emergency Services	236,830	-	OC Public Works
Subtotal 97.036				242,534	-	
Emergency Management Performance Grants						
2016 Emergency Management Performance Grant (EMPG) (Indirect)	97.042	2016-0010	California Office of Emergency Services	366,438	366,438	Sheriff-Coroner
2017 Emergency Management Performance Grant (EMPG) (Indirect)	97.042	2017-0007	California Office of Emergency Services	449,590	-	Sheriff-Coroner
Subtotal 97.042				816,028	366,438	
Homeland Security Grant Program						
2015 Homeland Security Grant Program (HSGP) (Indirect)	97.067	2015-00078	California Office of Emergency Services	285,962	50,079	Sheriff-Coroner
2016 Homeland Security Grant Program (HSGP) (Indirect)	97.067	2016-0102	California Office of Emergency Services	1,813,076	556,232	Sheriff-Coroner
2017 Homeland Security Grant Program (HSGP) (Indirect)	97.067	2017-0083	California Office of Emergency Services	5,150	-	Sheriff-Coroner
Homeland Security Grant Program (HSGP) (Indirect)	97.067	2016-0102, 2017-0083	California Office of Emergency Services	209,506	-	Health Care Agency
2016 Homeland Security Program (UASI) (Indirect)	97.067	2016-SS-0102	City of Anaheim Police Department	26,992	-	Sheriff-Coroner
2015 Operation Stonegarden Supplemental Grant (Indirect)	97.067	2015-1078	San Diego County Sheriff's Department	17,909	-	Sheriff-Coroner
2016 Operation Stonegarden Supplemental Grant (Indirect)	97.067	2016-0102	San Diego County Sheriff's Department	147,378	-	Sheriff-Coroner
2017 Operation Stonegarden Supplemental Grant (Indirect)	97.067	2017-0083	San Diego County Sheriff's Department	32,426	-	Sheriff-Coroner
Subtotal 97.067				2,538,399	606,311	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
Securing The Cities Program (Indirect)	97.106	2012-DN-106-00001	City of Los Angeles Mayor's Office	\$ 31,624	\$ -	Sheriff-Coroner
Los Angeles Border Enforcement Security Taskforce (LA BEST) (Direct)	97.U01			1,469	-	Sheriff-Coroner
TSA: National Explosives Detection Canine Team Program (Direct)	97.U02			252,500	-	John Wayne Airport
Subtotal - U.S. Department of Homeland Security				3,882,554	972,749	
U.S. Department of Housing and Urban Development						
Community Development Block Grants/Entitlement Grants						
Community Development Block Grant (Direct)	14.218			4,503,388	2,124,931	OC Community Resources
Subtotal 14.218 (CDBG - Entitlement Grants Cluster)				4,503,388	2,124,931	
Emergency Solutions Grant Program						
Emergency Shelter Grant Program (Direct)	14.231			144,417	144,417	OC Community Resources
Emergency Solutions Grant Program (Indirect)	14.231	16-ESG-11129	CA Department of Housing and Community Development	881,021	814,556	OC Community Resources
Subtotal 14.231				1,025,438	958,973	
Shelter Plus Care (Direct)	14.238			17,989	-	OC Community Resources
HOME Investment Partnerships Program (Direct)	14.239			206,216	-	OC Community Resources
Housing Opportunities for Persons with AIDS (HOPWA) (Indirect)	14.241	9580.B	City of Anaheim	862,284	805,873	Health Care Agency
Continuum of Care Program						
Continuum of Care (CoC) - Planning Grant (Direct)	14.267			622,377	-	OC Community Resources
Continuum of Care (CoC) - Rental Assistance Grant (Direct)	14.267			8,338,859	-	OC Community Resources
Subtotal 14.267				8,961,236	-	
Section 8 Housing Choice Vouchers						
Family Self Sufficiency Program Evaluation (Indirect)	14.871	GS-10F-0245N	MDRC	692	-	OC Community Resources
Section 8 Housing Choice Vouchers (Direct)	14.871			132,423,054	-	OC Community Resources
Subtotal 14.871 (Housing Voucher Cluster)				132,423,746	-	
Family Self-Sufficiency Program						
Family Self Sufficiency Program Coordinator (Direct)	14.896			258,663	-	OC Community Resources
Subtotal - U.S. Department of Housing and Urban Development				148,258,960	3,889,777	
U.S. Department of the Interior						
Payments in Lieu of Taxes (PILT) (Direct)	15.226			92,511	-	Auditor-Controller
Subtotal - U.S. Department of the Interior				92,511	-	
U.S. Department of Justice						
Services for Trafficking Victims						
Orange County Human Trafficking Task Force (Indirect)	16.320	2017-VT-BX-K027	City of Anaheim	4,825	-	District Attorney
Crime Victim Assistance						
Child Abuse Treatment Services (Indirect)	16.575	AT16020300, AT17030300	California Office of Emergency Services	278,341	278,341	Social Services Agency
County Victim Services (XC) Program (Indirect)	16.575	XC16010300	California Governor's Office of Emergency Services	1,517,131	1,517,131	County Executive Office
Human Trafficking Advocacy Program (Indirect)	16.575	HA16030300	California Office of Emergency Services	126,225	126,225	District Attorney
Human Trafficking Advocacy Program (Indirect)	16.575	HA17040300	California Office of Emergency Services	82,284	56,268	District Attorney
Unserviced/Underserved Victim Advocacy and Outreach Program (Indirect)	16.575	UV16020300	California Office of Emergency Services	202,523	170,785	County Executive Office
Victim Witness Assistance Program (Indirect)	16.575	VW16350300, VW17360300	California Office of Emergency Services	3,492,460	3,265,275	County Executive Office
Subtotal 16.575				5,698,964	5,414,025	
Violence Against Women Formula Grants						
Violence Against Women Vertical Prosecution Program (Indirect)	16.588	VV16080300	California Office of Emergency Services	16,961	2,958	District Attorney
Violence Against Women Vertical Prosecution Program (Indirect)	16.588	VV17090300	California Office of Emergency Services	218,000	16,646	District Attorney
Subtotal 16.588				234,961	19,604	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
Edward Byrne Memorial Justice Assistance Grant Program						
2014 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			\$ 3,303	\$ -	Sheriff-Coroner
2015 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			14,089	3,748	Sheriff-Coroner
2016 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			68,362	50,688	Sheriff-Coroner
Subtotal 16.738				85,754	54,436	
DNA Backlog Reduction Program						
2015 DNA Backlog Reduction Grant (Direct)	16.741			73,914	-	Sheriff-Coroner
2016 DNA Backlog Reduction Grant (Direct)	16.741			68,474	-	Sheriff-Coroner
2017 DNA Backlog Reduction Grant (Direct)	16.741			9,564	-	Sheriff-Coroner
Subtotal 16.741				151,952	-	
Paul Coverdell Forensic Sciences Improvement Grant Program						
2016 Coverdell National Forensic Science Improvement Grant (Indirect)	16.742	CQ16120300	California Office of Emergency Services	75,581	-	Sheriff-Coroner
2017 Coverdell National Forensic Science Improvement Grant (Indirect)	16.742	CQ17130300	California Office of Emergency Services	8,610	-	Sheriff-Coroner
Subtotal 16.742				84,191	-	
Post-Conviction Testing of DNA Evidence						
Post-Conviction Testing of DNA Evidence to Exonerate the Innocent (Direct)	16.820			1,877	-	District Attorney
Post-Conviction Testing of DNA Evidence to Exonerate the Innocent (Direct)	16.820			84,168	-	Public Defender
Subtotal 16.820				86,045	-	
National Sexual Assault Kit Initiative						
Orange County District Attorney Sexual Assault Kit Initiative (Direct)	16.833			476,225	49,837	District Attorney
Orange County District Attorney Sexual Assault Kit Initiative (Direct)	16.833			3,830	-	Sheriff-Coroner
Subtotal 16.833				480,055	49,837	
Equitable Sharing Program						
Department of Justice Forfeiture Program (Direct)	16.922			59,599	-	District Attorney
Regional Narcotics Suppression Program (RNSP) Forfeitures (Direct)	16.922			4,928,598	-	Sheriff-Coroner
Sheriff's Narcotic Program (SNP) Forfeitures (Direct)	16.922			1,910,565	-	Sheriff-Coroner
Subtotal 16.922				6,898,762	-	
Cyber Task Force (Direct)	16.U01			11,566	-	District Attorney
OC Regional Computer Forensics Laboratory (OCRCFL) (Direct)	16.U02			71,484	-	District Attorney
Orange County Drug Enforcement Task Force (Direct)	16.U03			18,042	-	District Attorney
Regional Fugitive Task Force (Direct)	16.U04			15,759	-	District Attorney
Subtotal - U.S. Department of Justice				13,842,360	5,537,902	
U.S. Department of Labor						
Senior Community Service Employment Program						
Title V - Senior Community Services Employment Program (Indirect)	17.235	TV-1718-22	CA Dept. of Aging	670,583	620,615	OC Community Resources
WIOA Adult Program						
Workforce Investment Act Title I Adult (2015) (Indirect)	17.258	K698379	CA Employment Development Dept.	793,097	237,834	OC Community Resources
Workforce Investment Act Title I Adult (2016) (Indirect)	17.258	K7102052	CA Employment Development Dept.	2,027,971	897,882	OC Community Resources
Workforce Investment Act Title I Adult (2017) (Indirect)	17.258	K8106652	CA Employment Development Dept.	1,643,901	698,862	OC Community Resources
WIOA Youth Activities						
Workforce Investment Act Title I Youth (2016) (Indirect)	17.259	K7102052	CA Employment Development Dept.	2,283,115	1,399,580	OC Community Resources
Workforce Investment Act Title I Youth (2017) (Indirect)	17.259	K8106652	CA Employment Development Dept.	950,347	582,575	OC Community Resources
WIOA Dislocated Worker Formula Grants						
Workforce Investment Act Title I Dislocated Worker (2015) (Indirect)	17.278	K698379	CA Employment Development Dept.	400,678	64,692	OC Community Resources
Workforce Investment Act Title I Dislocated Worker (2016) (Indirect)	17.278	K7102052	CA Employment Development Dept.	911,136	584,106	OC Community Resources
Workforce Investment Act Title I Dislocated Worker (2017) (Indirect)	17.278	K8106652	CA Employment Development Dept.	3,255,263	1,623,072	OC Community Resources
Subtotal 17.258, 17.259, and 17.278 (WIOA Cluster)				12,265,508	6,088,603	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
Reentry Employment Opportunities						
Linking to Employment Activities Pre-release Specialized American Job Center 2 (Direct)	17.270			\$ 245,346	\$ 188,902	OC Community Resources
WIOA National Dislocated Worker Grants/WIA National Emergency Grants						
WIOA-National Emergency Grant (Indirect)	17.277	K8106652	CA Employment Development Dept.	403,818	-	OC Community Resources
Subtotal - U.S. Department of Labor				13,585,255	6,898,120	
U.S. Department of Transportation						
Airport Improvement Program						
FAA: Airport Improvement Programs Grant 44, 45 & 46 (Direct)	20.106			4,828,587	-	John Wayne Airport
Highway Planning and Construction						
Highway Bridge Program (HBP) BR. No. 55C-0172 (Modjeska Canyon Road) (Indirect)	20.205	5955(094)	CA Dept. of Transportation	61,418	-	OC Public Works
Highway Bridge Program (HBP) BR. No. 55C-0174 (Silverado Canyon Road 1.6 miles east of Santiago Canyon 1	20.205	5955(095)	CA Dept. of Transportation	54,058	-	OC Public Works
Highway Bridge Program (HBP) BR. No. 55C-0175 (Silverado Canyon) (Indirect)	20.205	5955(087)	CA Dept. of Transportation	88,056	-	OC Public Works
Highway Bridge Program (HBP) BR. No. 55C-0177 (Silverado Canyon Road 4.4 miles east of Santiago Canyon 1	20.205	5955(096)	CA Dept. of Transportation	63,127	-	OC Public Works
Highway Bridge Program (HBP) BR. No. 55C-0400 (Edinger Avenue/Sunset Way over Bolsa Chica Channel) (In	20.205	5955(078)	CA Dept. of Transportation	7,920,818	-	OC Public Works
Highway Safety Improvement Program (Gilbert Street Improvements) (Indirect)	20.205	5955(086)	CA Dept. of Transportation	437,605	-	OC Public Works
Highway Safety Improvement Program (Santiago Canyon Road from Live Oak Canyon to SR241/SR261) (Indire	20.205	5955(101)	CA Dept. of Transportation	157,052	-	OC Public Works
Highway Safety Improvement Program (Trabuco Canyon Road) (Indirect)	20.205	5955(089)	CA Dept. of Transportation	6,057	-	OC Public Works
Surface Transportation Program (STPL 5955 (097) Foothill Blvd from Hewes Street to Newport Avenue (Indirect	20.205	5955(097)	CA Dept. of Transportation	379,710	-	OC Public Works
Surface Transportation Program (STPL 5955 (098) Crown Valley Parkway and OSO Parkway (Indirect)	20.205	5955(098)	CA Dept. of Transportation	500,000	-	OC Public Works
Subtotal 20.205 (Highway Planning and Construction Cluster)				9,667,901	-	
State and Community Highway Safety						
2016 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.600	PT1786	CA Office of Traffic Safety	62,577	-	Sheriff-Coroner
2017 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.600	PT18106	CA Office of Traffic Safety	175,885	-	Sheriff-Coroner
National Priority Safety Programs						
2016 Standards and Training in DUID Toxicology (Indirect)	20.616	DI1722	CA Office of Traffic Safety	27,499	-	Sheriff-Coroner
Alcohol and Drug Impaired Driver Vertical Prosecution Program (Indirect)	20.616	DI1706	CA Office of Traffic Safety	289,059	-	District Attorney
Alcohol and Drug Impaired Driver Vertical Prosecution Program (Indirect)	20.616	DI18019	CA Office of Traffic Safety	414,376	-	District Attorney
California Traffic Safety Resource Program Training Network (Indirect)	20.616	DI18033	CA Office of Traffic Safety	249,659	-	District Attorney
Cannabinoid and Other Drug Prevalence in DUI Drivers (Indirect)	20.616	DI18020	CA Office of Traffic Safety	51,198	-	Sheriff-Coroner
Subtotal 20.600 and 20.616 (Highway Safety Cluster)				1,270,253	-	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated						
2016 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.608	PT1786	CA Office of Traffic Safety	71,230	-	Sheriff-Coroner
2017 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.608	PT18106	CA Office of Traffic Safety	194,939	-	Sheriff-Coroner
Subtotal 20.608				266,169	-	
Subtotal - U.S. Department of Transportation				16,032,910	-	
U.S. Department of the Treasury						
Equitable Sharing						
Department of Treasury Forfeiture Program (Direct)	21.016			59,064	-	District Attorney
Regional Narcotics Suppression Program (RNSP) Forfeitures (Direct)	21.016			16,474	-	Sheriff-Coroner
Sheriff's Narcotics Program (SNP) Forfeitures (Direct)	21.016			520,015	-	Sheriff-Coroner
Subtotal - U.S. Department of the Treasury				595,553	-	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	Amount Provided to Subrecipient	County Department
Election Assistance Commission						
Help America Vote Act Requirements Payments						
Help America Vote Act (HAVA) Polling Place Accessibility Training Program (Indirect)	90.401	17G26129	Secretary of State	\$ 28,315	\$ -	Registrar of Voters
Subtotal - Election Assistance Commission				28,315	-	
Executive Office of the President						
High Intensity Drug Trafficking Areas Program						
High Intensity Drug Trafficking Area (HIDTA) 2016 (Direct)	95.001			236,278	-	Sheriff-Coroner
High Intensity Drug Trafficking Area (HIDTA) 2017 (Direct)	95.001			730,171	-	Sheriff-Coroner
High Intensity Drug Trafficking Area VIPER (HIDTA) 2017 (Direct)	95.001			11,146	-	Sheriff-Coroner
Regional Methamphetamine Task Force (RMTF) 2017 (Indirect)	95.001	G17LA0006A	City of Monrovia	91,793	-	Sheriff-Coroner
Subtotal - Executive Office of the President				1,069,388	-	
National Foundation on the Arts and the Humanities						
Promotion of the Arts Grants to Organizations and Individuals						
The Big Read 2017-2018 (Indirect)	45.024	00019872	Arts Midwest	14,000	-	OC Community Resources
Promotion of the Humanities Federal/State Partnership						
Community Stories Grant for Indigenous Voices of San Juan Capistrano (Indirect)	45.129	COS16-492	California Humanities	5,169	-	OC Community Resources
Library Innovation Lab Grant (Indirect)	45.129	LIL16-06	California Humanities	5,000	-	OC Community Resources
Subtotal 45.129				10,169	-	
Subtotal - National Foundation on the Arts and the Humanities				24,169	-	
Grand Total Schedule of Expenditures of Federal Awards				\$ 681,667,761	\$ 49,508,987	

LEGEND:

- (1) Indirect refers to Federal monies passed through various non-federal agencies, primarily State of CA agencies.
- (2) The State of CA does not assign a pass-through identification number for certain programs passed to the County. Accordingly, a pass-through identification number is not listed for certain indirect programs.

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Supplementary Schedule of Grant Expenditures
For Grants Provided by the California Health and Human Services Agency, Department of Aging (1)
For the Year Ended June 30, 2018

Federal or State Grantor/Pass-through Entity/County Program Name/Direct or Indirect	Catalog of Federal Domestic Assistance Number (CFDA #) (3)	Pass-Through Entity's Identifying Number (2)	Grant Award			Expenditures		
			Federal	State	Total	Federal	State	Total
U.S. Department of Health and Human Services								
Pass-through the CA Department of Aging:								
Special Programs for the Aging Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation								
Title VII-B: Elder Abuse Prevention (Indirect)	93.041	AP-1718-22	\$ 36,812	\$ -	\$ 36,812	\$ 36,812	\$ -	\$ 36,812
Special Programs for the Aging Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals								
Title VII-A: Ombudsman (Indirect)	93.042	AP-1718-22	101,053	-	101,053	100,948	-	100,948
Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services								
Title III-D: Preventive Health (Indirect)	93.043	AP-1718-22	154,067	-	154,067	154,067	-	154,067
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers								
Title III-B: Senior Supportive Services (Indirect)	93.044	AP-1718-22	2,372,310	95,094	2,467,404	2,368,866	95,094	2,463,960
Special Programs for the Aging Title III, Part C, Nutrition Services								
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP-1718-22	2,334,844	251,994	2,586,838	2,334,844	251,994	2,586,838
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP-1718-22	2,459,375	269,687	2,729,062	2,459,375	269,687	2,729,062
National Family Caregiver Support, Title III, Part E								
Title III-E: National Family Caregiver Support Program (Indirect)	93.052	AP-1718-22	1,145,310	-	1,145,310	1,145,310	-	1,145,310
Nutrition Services Incentive Program								
Title III-C1: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-1718-22	277,537	-	277,537	277,537	-	277,537
Title III-C2: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-1718-22	753,583	-	753,583	753,583	-	753,583
Subtotal 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, and 93.053 (Aging Cluster)			9,634,891	616,775	10,251,666	9,631,342	616,775	10,248,117
Medicare Enrollment Assistance Program								
Medicare Improvements for Patients and Provider Act (MIPPA) (Indirect)	93.071	MI-1718-22	104,101	-	104,101	70,368	-	70,368
State Health Insurance Assistance Program								
Health Insurance Counseling and Advocacy Program (HICAP) (Indirect)	93.324	HI-1718-22	189,266	398,535	587,801	166,957	395,662	562,619
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models								
SHIP Options Counseling for Medicare/Medicaid-Financial Alignment (Indirect)	93.626	FA-1718-22	26,841	-	26,841	14,464	-	14,464
Total U.S. Department of Health and Human Services			9,955,099	1,015,310	10,970,409	9,883,131	1,012,437	10,895,568
U.S. Department of Labor								
Pass-through the CA Department of Aging:								
Senior Community Service Employment Program								
Title V - Senior Community Services Employment Program (Indirect)	17.235	TV-1718-22	685,333	-	685,333	670,583	-	670,583
Total U.S. Department of Labor			685,333	-	685,333	670,583	-	670,583
CA Health and Human Services Agency								
Pass-through the CA Department of Aging:								
Long Term Care Ombudsman Program								
Special Deposit Fund (SDF) - State Health Facilities Citation Penalties Account			-	136,830	136,830	-	123,407	123,407
Skilled Nursing Facility Quality & Accountability Fund (SNFQAF)			-	180,678	180,678	-	180,578	180,578
Public Health L&C Program Fund			-	38,038	38,038	-	35,438	35,438
Total CA Health and Human Services Agency			-	355,546	355,546	-	339,423	339,423
Total			\$ 10,640,432	\$ 1,370,856	\$ 12,011,288	\$ 10,553,714	\$ 1,351,860	\$ 11,905,574

(1) All federal and state grants provided to the County of Orange, CA by the CA Health and Human Services Agency, Department of Aging.
(2) The State of CA does not assign a pass-through identification number for certain programs passed to the County. Accordingly, a pass-through identification number is not listed for certain indirect programs.
(3) State only funded programs do not have a federal CFDA number.

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging.

COUNTY OF ORANGE, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging
For the Year Ended June 30, 2018

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the County of Orange, California (County), except as noted herein. The County's reporting entity is defined in Note 1 of the County's basic financial statements. These financial statements include the operations of the Children and Families Commission of Orange County (CFCOC) and the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima) (discretely presented component units), which expended \$519,989 and \$1,949,675, respectively, in federal awards, which are not included in the SEFA. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies, primarily the State of California, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA and Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging (DOA), are presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which are described in Note 1 of the County's basic financial statements. The information in the SEFA is presented in accordance with the 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).

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under Title 2 U.S. *Code of Federal Regulations*, section 200.414 Indirect (F&A) costs.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures and the supplementary schedule of grant expenditures for grants provided by the DOA, agree or can be reconciled with the amounts reported in the County's basic financial statements.

NOTE 4 – CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY, DEPARTMENT OF AGING

At the request of the DOA, the schedule of grant expenditures for their grant programs is included as a supplementary schedule on page 14.

NOTE 5 – NONCASH ASSISTANCE

Senior Farmers Market Coupons valued at \$34,960 was provided by the Senior Farmers Market Nutrition Program, CFDA No. 10.576 to purchase food. This amount is included on the SEFA.

COUNTY OF ORANGE, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards and the Supplementary Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging
For the Year Ended June 30, 2018

NOTE 6 – OUSTANDING LOANS OF FEDERAL FUNDS

The following schedule presents the amount of outstanding loans by CFDA number. All loans are provided by the U.S. Department of Housing and Urban Development and are not subject to federal continuing compliance requirements:

CFDA #	Federal Program Name	Outstanding Loans at June 30, 2018	New Loans in Fiscal Year Ended June 30, 2018
14.218	Community Development Block Grant (Direct)	\$ 2,392,458	\$ -
14.239	HOME Investment Partnerships Program (Direct)	26,177,043	-

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

Yes

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?

Yes

Significant deficiency(ies) identified?

Yes

Unmodified for all major programs, except for CFDA Nos. 17.258/17.259/17.278 Workforce Innovation and Opportunity Act (WIOA) Cluster, which was qualified

Type of auditors' report issued on compliance for major federal programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

Yes

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.041/93.042/93.043/93.044/93.045/93.052/93.053	Aging Cluster
93.558	TANF Cluster
93.659	Adoption Assistance
93.959	Block Grants for Prevention and Treatment of Substance Abuse
14.218	Community Development Block Grants/Entitlement Grants
14.267	Continuum of Care Program
14.871	Housing Voucher Cluster
16.575	Crime Victim Assistance
16.922	Equitable Sharing Program
17.258/17.259/17.278	Workforce Innovation and Opportunity Act (WIOA) Cluster
20.106	Airport Improvement Program
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:
Auditee qualified as low-risk auditee?

\$3,000,000

No

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

II. FINANCIAL STATEMENT FINDINGS

Finding 2018-001

INFORMATION TECHNOLOGY GENERAL CONTROLS (ITGC)

Criteria:

Governing bodies and executive management establish the goals and objectives of an entity to operate effectively, efficiently, and economically; safeguard resources; comply with laws and regulations, and ensure accurate, complete, and timely financial and non-financial reports to the County's creditors, managers, and other stakeholders. This is accomplished when the entity:

1. Deploys control activities through policies that establish what is expected and procedures that put policies into action.
2. Selects and develops general control activities over technology to support the achievement of objectives.

Condition:

1. The County was in the process of developing, but had not deployed, certain entity-wide information technology general control policies and procedures. ITGC policies establish what is expected. Policies reflect management's statement of what should be done to effect control. Policies and procedures specifically relate to those control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Policy statements and related procedures should be documented and disseminated.

The general controls policies and procedures that apply to all or a large segment of the County's information systems include security management, logical and physical access, configuration management, segregation of duties, and contingency planning.

There were no written policies and procedures for the following:

- To classify systems and information that is stored, processed, shared, or transmitted with respect to the type of data (e.g. confidential or sensitive) and its value to critical business functions in place.
 - To protect data or electronic storage media, including CDs, USB drives, and tapes.
 - To identify, report, or correct the information system/application flaws to ensure the information integrity.
 - That states a developer security test and evaluation to ensure the software integrity practice is in place.
 - That SOC 1/SOC 2 reports are received and reviewed by the management to evaluate the impact of any control deficiencies noted by the service organizations' auditors to the County.
 - Analysis and mapping of complementary controls identified in service organizations' SOC 1/SOC 2 reports to County internal controls to ensure assets and information are safeguarded and financial reporting is appropriate.
2. Reassessment and Updating of Policies – The Usage and IT Security Policies have not been updated since 2009.
 3. Lack of Evidence of Review – IT personnel do not document the results of the evaluation of the SOC 1/SOC 2 reports provided by its service organizations, nor are compensating controls identified and evaluated for effectiveness
 4. System Access – User access of the CAPS+ application was not consistently disabled timely (within three (3) business days after the users' termination date).

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

II. FINANCIAL STATEMENT FINDINGS (Continued)

Cause:

This item was a prior year finding (2017-001) and management was in the process of developing and updating the written policies and procedures during the fiscal year.

Effect:

Missing or out-of-date ITGC policies and procedures increase the risk that the County and its resources, including its personally identifiable and confidential (business) information may be subject to exploits that access, disclose, or alter information.

Recommendation:

We recommend that the County perform the following:

1. Formalize written policies and procedures for critical processes.
2. Update and implement the Usage and IT Security Policies to ensure the risk of inaccurate information is minimized and the integrity of the data is maintained.
3. Formalize policies that require the evaluation of the SOC 1/SOC 2 reports provided by its service organizations to be documented and compensating controls identified and evaluated for effectiveness.
4. Implement the established system access policy to disable terminated employees timely and monitor compliance with the updated policy.

Views of Responsible Officials and Planned Correction Action:

See separate corrective action plan.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The following findings represent material weaknesses, significant deficiencies, and/or instances of noncompliance, including questioned costs, required to be reported in accordance with 2 CFR 200, Subpart F.

Finding 2018-002

Program: Workforce Innovation and Opportunity Act (WIOA)

CFDA No.: 17.258/17.259/17.278

Federal Grantor: U.S. Department of Labor

Passed-through: California Employment Development Department

Award No. and Year: various

Compliance Requirements: Procurement and Suspension and Debarment

Criteria:

In accordance with 2 *CFR section 215.43*, all procurement transactions will be conducted in a manner providing full and open competition.

Condition:

During our testing of compliance with the procurement requirements for subrecipients, we noted that the Orange County Community Resources (OCCR) Department entered into a contract with a subrecipient that did not follow the County's procurement process prior to awarding the contract.

Questioned Costs:

\$3,911,557

Context:

Of the two (2) subrecipient contracts selected for testing totaling \$5,071,295 of current expenditures, one (1) subrecipient contract totaling \$3,911,557 of current expenditures did not adhere to the County's purchasing policy to ensure full and open competition.

Effect:

Failure to follow procurement standards when entering into a subrecipient contract results in noncompliance with Federal regulations.

Cause:

OCCR did not adhere to established policies and procedures when awarding the subrecipient contract.

Repeat Finding:

This finding is a repeat finding of prior year finding 2017-002.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Recommendation:

We recommend that OCCR adhere to their procurement policies and procedures prior to entering into a contract with the subrecipient.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan

Finding 2018-003

Program: Block Grants for Prevention and Treatment of Substance Abuse

CFDA No.: 93.959

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

Passed-through: California Department of Health Care Services

Award No. and Year: 17-94147 (2018)

Program: Crime Victim Assistance

CFDA No.: 16.575

Federal Grantor: U.S. Department of Justice

Passed-through: California Office of Emergency Services and California Governor's Office of Emergency Services

Award No. and Year: Various

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 *CFR section 200.303(a), Internal Controls*, states that the non-Federal entity 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.

2 *CFR section 200.331(b), Requirements for Pass-Through Entities*, states that all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward for purpose of determining the appropriate subrecipient monitoring.

Condition:

During our testing of the Health Care Agency, CEO's Office, and District Attorney's Office provisions for evaluating subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward, we noted the following instances where evaluation of the subrecipient's risk of noncompliance was performed but not documented:

- Eight (8) of the eight (8) subawards selected for testing from the Block Grants for Prevention and Treatment of Substance Abuse.
- Three (3) of the three (3) Crime Victim Assistance Program subawards through the CEO's Office selected for testing.
- One (1) of the one (1) Crime Victim Assistance Program subawards through the District Attorney's Office selected for testing.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures over the Health Care Agency, CEO's Office, and District Attorney's Office subrecipient monitoring provisions.

Effect:

There is an increased risk that the monitoring procedures performed may not address the subrecipient's risk of noncompliance.

Cause:

The Health Care Agency, CEO Office, and District Attorney's Office did not have procedures implemented to ensure the evaluation of the subrecipient's risk of noncompliance was documented.

Recommendation:

We recommend that the Health Care Agency, CEO Office, and District Attorney's Office implement policies and procedures to ensure that the required evaluation of the subrecipient's risk of noncompliance be documented in accordance with *2 CFR section 200.331(b)*.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan

Finding 2018-004

Program: Aging Cluster

CFDA No.: 93.041/93.042/93.043/93.044/93.045/93.052/93.053

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

Passed-through: California Department of Aging

Award No. and Year: AP-1718-22 (2018)

Program: Block Grants for Prevention and Treatment of Substance Abuse

CFDA No.: 93.959

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

Passed-through: California Department of Health Care Services

Award No. and Year: 17-94147 (2018)

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR Part 200.331(a), Requirements for Pass-Through Entities, states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information as well as all the requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Condition:

The following information was not provided at the time of subaward for four (4) of the four (4) subawards selected for testing from the Aging Cluster:

- Federal award date of award to the recipient by the Federal agency
- Identification of whether the award is research and development

The following information was not provided at the time of subaward for eight (8) of the eight (8) subawards selected for testing from the Block Grants for Prevention and Treatment of Substance Abuse:

- Federal award identification number
- Federal award date of award to the recipient by the Federal agency
- Name of federal awarding agency
- Identification of whether the award is research and development

For two (2) of the eight (8) subawards selected for testing for the Block Grants for Prevention and Treatment of Substance Abuse the CFDA number and name were missing.

For six (6) of the eight (8) subawards selected for testing for the Block Grants for Prevention and Treatment of Substance Abuse the indirect cost rate for the federal award was missing.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures over the Orange County Community Resources (OCCR) department and the Health Care Agency's subrecipient monitoring provisions.

Effect:

OCCR and the Health Care Agency did not identify the required elements of the subaward to the subrecipients at the time of subaward, increasing the risk of noncompliance.

Cause:

OCCR and the Health Care Agency's procedures did not consistently ensure that the required award information and applicable requirements were communicated to subrecipients.

Recommendation:

We recommend that OCCR and the Health Care Agency modify and/or strengthen its current policies and procedures to ensure that all required award information and applicable requirements is communicated to subrecipients at the time of subaward in accordance with *.2 CFR section 200.331(a)*.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2018-005

Program: Community Development Block Grants (CDBG)

CFDA No.: 14.218

Federal Grantor: U.S. Department of Housing and Urban Development

Award No. and Year: Various

Program: Aging Cluster

CFDA No.: 93.041/93.042/93.043/93.044/93.045/93.052/93.053

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

Passed-through: California Department of Aging

Award No. and Year: AP-1718-22 (2018)

Program: Crime Victim Assistance

CFDA No.: 16.575

Federal Grantor: U.S. Department of Justice

Passed-through: California Office of Emergency Services and California Governor's Office of Emergency Services

Award No. and Year: Various

Compliance Requirements: Procurement and Suspension and Debarment

Criteria:

2 CFR section 200.303(a), Internal Controls, states that the non-Federal entity 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.

Title 2 CFR Section 200.213 of the Uniform Guidance states that the County must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689, "Debarment and Suspension;" Federal awarding agency regulations in Title 2 of the CFR adopting/implementing the OMB guidance in 2 CFR part 180; program legislation; and the terms and conditions of the award. The *2017 Compliance Supplement* states:

- Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.
- When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/SAM/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Condition:

During our testing of the Orange County Community Resources (OCCR) department, CEO's Office, and District Attorney's Office provisions for procurement requirements, we noted the following instances where there was no evidence that departments verified the entity was not suspended or debarred or otherwise excluded from participating in the transaction:

- One (1) of the two (2) CDBG contracts through the OCCR department selected for testing.
- Three (3) of the four (4) Aging subawards through the OCCR department selected for testing.
- One (1) of the three (3) Crime Victim Assistance subawards through the CEO's Office selected for testing.
- One (1) of the one (1) Crime Victim Assistance subawards through the District Attorney's Office selected for testing.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition above was identified during our testing of the procurement and suspension and debarment requirements of the programs.

Effect:

Verification of suspension and debarment of the entities that the departments entered into covered transactions with, was not documented in accordance with federal regulations resulting in non-compliance with procurement requirements.

Cause:

OCCR, CEO's Office, and District Attorney's Office did not document the review of the contract for compliance with the suspension and debarment requirements as stated in *2 CFR §180.300*.

Recommendation:

We recommend that OCCR, CEO's Office, and District Attorney's Office adhere to their procurement procedures prior to entering into a covered transaction.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2018-006

Program: Equitable Sharing

CFDA No.: 16.922

Federal Grantor: U.S. Department of Justice

Award No. and Year: various

Compliance Requirements: Equipment and Real Property Management

Criteria:

In accordance with *2 CFR section 200.313(d)(1)*, a non-federal entity must maintain property records that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, acquisition date, cost of the property, percentage of Federal participation in project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.

Condition:

During our testing of compliance with the equipment and real property management requirements, we noted the following instances of non-compliance:

- Six (6) of ten (10) equipment purchases selected for physical inspection did not include the correct location of the equipment on the Sheriff's department property records.
- One (1) of the ten (10) equipment purchases selected for physical inspection did not have the correct serial number on the Sheriff's department property records.
- Six (6) of the ten (10) assets selected for physical inspection were not tagged with an asset identification number for tracking purposes.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition above was identified during our testing of the equipment and real property management requirements of the program.

Effect:

Failure to follow the equipment and real property management requirements results in non-compliance with Federal regulations.

Cause:

The Sheriff department's procedures did not consistently ensure property records were accurate and that assets were consistently tagged with asset identification numbers.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Recommendation:

We recommend that the Sheriff's department adhere to their policies and procedures to ensure that property records are maintained in accordance with the equipment and real property management requirements.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

Finding 2018-007

Program: Housing Voucher Cluster

CFDA No.: 14.871

Federal Grantor: U.S. Department of Housing and Urban Development

Award No. and Year: various

Compliance Requirements: Eligibility

Criteria:

Public housing agencies are required to determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with *24 CFR part 5 subpart F*.

Condition:

During our testing of eligibility requirements, of the three (3) of the forty (40) participants selected for testing, adjusted income was incorrectly calculated. Adjusted income is the basis for determining the participant's monthly housing assistance payment.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition above was identified during our testing of the eligibility requirements of the program.

Effect:

The condition causes housing assistance payments to be incorrectly calculated.

Cause:

The Orange County Community Resources (OCCR) department's procedures did not consistently calculate participants' adjusted income in accordance with Federal regulations.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Recommendation:

We recommend that OCCR update policies and procedures related to the verification and calculation of the participants' adjusted income.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

Finding 2018-008

Program: Block Grants for Prevention and Treatment of Substance Abuse
CFDA No.: 93.959

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

Passed-through: California Department of Health Care Services

Award No. and Year: 17-94147 (2018)

Program: Crime Victim Assistance

CFDA No.: 16.575

Federal Grantor: U.S. Department of Justice

Passed-through: California Office of Emergency Services and California Governor's Office of Emergency Services

Award No. and Year: Various

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR section 200.303(a), Internal Controls, states that the non-Federal entity 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.

2 CFR section 200.331(d), Requirements for Pass-Through Entities, states that all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and the subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- Reviewing financial and performance reports required by the pass-through entity.
- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by *§ 200.521 Management decision*.

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Condition:

For one (1) of the eight (8) Block Grants for Prevention and Treatment of Substance Abuse subawards selected for testing, we noted there was no evidence that appropriate follow-up occurred to ensure that the subrecipient took timely and appropriate action in regards to deficiencies pertaining to the Federal award provided to the subrecipient.

For three (3) of the three (3) Crime Victim Assistance subawards through the CEO's Office selected for testing, we noted there was no evidence or documentation that a management decision for audit findings pertaining to the Federal award was provided to the subrecipient from the CEO's Office as required by § 200.521 *Management decision*.

For one (1) of the one (1) Crime Victim Assistance subawards through the District Attorney's Office selected for testing, we noted there was no evidence or documentation that a management decision for audit findings pertaining to the Federal award was provided to the subrecipient from the District Attorney's Office as required by § 200.521 *Management decision*.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures over the Health Care Agency, CEO's Office, and District Attorney's Office subrecipient monitoring provisions.

Effect:

Subrecipient monitoring procedures were not documented in accordance with federal regulations resulting in non-compliance with subrecipient monitoring requirements.

Cause:

The Health Care Agency, CEO's Office, and District Attorney's Office did not have appropriate procedures implemented to document performance of subrecipient monitoring.

Recommendation:

We recommend the Health Care Agency, CEO's Office, and District Attorney's Office implement policies and procedures to document the monitoring of subrecipients is documented in accordance with 2 *CFR section 200.331(d)*.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan

COUNTY OF ORANGE, CALIFORNIA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

Financial Statement Findings

Finding No.	Category	Status of Corrective Action
2017-001	Information Technology General Controls (ITGC)	In progress. See current year finding 2018-001

Federal Awards Findings

Finding No.	Program	CFDA No.	Compliance Requirements	Status of Corrective Action
2014-003	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Subrecipient Monitoring	Implemented
2015-001	Aging Cluster; Medical Assistance Program	93.044; 93.045; 93.053; 93.778	Subrecipient Monitoring	Implemented - Orange County Community Resources In progress. Health Care Agency - A policy was established to address the issue in November 2014 and will be applied prospectively to new contracts.
2016-001	SNAP Cluster; HIV Emergency Relief Project Grants; Block Grants for Community Mental Health Services	10.561; 93.914; 93.958	Subrecipient Monitoring	In progress. A policy was established to address the issue in November 2014 and will be applied prospectively to new contracts.
2017-002	Workforce Innovation and Opportunity Act (WIOA) Cluster	17.258/17.259/17.278	Procurement and Suspension and Debarment	Implemented with respect to the suspension and debarment provisions. For procurement policies, the condition noted in 2017-002 carried into fiscal year 2018. See current year finding 2018-002.
2017-003	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Continuum of Care Program WIA/WIOA Adult Program, WIA/WIOA Youth Activities, WIA/WIOA Dislocated Worker Formula Grants (WIOA Cluster) HIV Prevention Activities Health Department Based	93.074 14.267 17.258/17.259/17.278 93.940	Procurement and Suspension and Debarment	Implemented
2017-004	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	Program Income	Implemented
2017-005	HIV Prevention Activities Health Department Based	93.940	Subrecipient Monitoring	Implemented
2017-006	Continuum of Care Program	14.267	Procurement and Suspension and Debarment	Implemented

**AUDITOR-CONTROLLER
COUNTY OF ORANGE**

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March 28, 2019

**SUBJECT: CORRECTIVE ACTION PLAN FOR COUNTY OF ORANGE, CALIFORNIA
FY 2017-18 SINGLE AUDIT**

Under the provisions of Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance), the auditee is responsible for follow-up and corrective action plans on all single audit findings. As part of this responsibility, the County of Orange has prepared a corrective action plan for current year audit finding (Attachment No. 1) and a summary schedule of prior audit findings (Attachment No. 2).

Attachments

cc: Frank Kim, County Executive Officer
Michelle Aguirre, County Finance Officer
Eric H. Woolery, Auditor-Controller
Salvador Lopez, Chief Deputy Auditor-Controller
JC Squires, A/C Director, Central Accounting Operations
Megan Vu, A/C Accounting and Reporting Manager
Rafael Linares, Chief Information Security Officer
Phillip Daigneau, A/C Director Information Technology
Selina Chan-Wychgel, CEO Fiscal Services Manger
Kenneth Brockbank, DA Fiscal Services Manger
Cindy Wong, HCA Accounting Manager
Bill Malohn, OCCR Accounting Manager
Noma Crook, Director Financial/Adm. Services Division, O.C Sheriff's Department
Monique Vansuch, Audit Manager, Orange County Sheriff's Department

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

II. FINANCIAL STATEMENT FINDINGS

Finding 2018-001

Information Technology General Controls (ITGC)

Criteria:

Governing bodies and executive management establish the goals and objectives of an entity to operate effectively, efficiently, and economically; safeguard resources; comply with laws and regulations, and ensure accurate, complete, and timely financial and non-financial reports to the County's creditors, managers, and other stakeholders. This is accomplished when the entity:

1. Deploys control activities through policies that establish what is expected and procedures that put policies into action.
2. Selects and develops general control activities over technology to support the achievement of objectives.

Condition:

1. The County was in the process of developing, but had not deployed, certain entity-wide information technology general control policies and procedures. ITGC policies establish what is expected. Policies reflect management's statement of what should be done to effect control. Policies and procedures specifically relate to those control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Policy statements and related procedures should be documented and disseminated.

The general controls policies and procedures that apply to all or a large segment of the County's information systems include security management, logical and physical access, configuration management, segregation of duties, and contingency planning.

There were no written policies and procedures for the following:

- To classify systems and information that is stored, processed, shared, or transmitted with respect to the type of data (e.g. confidential or sensitive) and its value to critical business functions in place.
 - To protect data or electronic storage media, including CDs, USB drives, and tapes.
 - To identify, report, or correct the information system/application flaws to ensure the information integrity.
 - That states a developer security test and evaluation to ensure the software integrity practice is in place.
 - That SOC 1/SOC 2 reports are received and reviewed by the management to evaluate the impact of any control deficiencies noted by the service organizations' auditors to the County.
 - Analysis and mapping of complementary controls identified in service organizations' SOC 1/SOC 2 reports to County internal controls to ensure assets and information are safeguarded and financial reporting is appropriate.
2. Reassessment and Updating of Policies – The Usage and IT Security Policies have not been updated since 2009.
 3. Lack of Evidence of Review – IT personnel do not document the results of the evaluation of the SOC 1/SOC 2 reports provided by its service organizations, nor are compensating controls identified and evaluated for effectiveness.
 4. System Access – User access of the CAPS+ application was not consistently disabled timely (within three (3) business days after the users' termination date).

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

II. FINANCIAL STATEMENT FINDINGS (Continued)

Cause:

This item was a prior year finding (2017-001) and management was in the process of developing and updating the written policies and procedures during the fiscal year.

Effect:

Missing or out-of-date ITGC policies and procedures increase the risk that the County and its resources, including its personally identifiable and confidential (business) information may be subject to exploits that access, disclose, or alter information.

Recommendation:

We recommend that the County perform the following:

1. Formalize written policies and procedures for critical processes.
2. Update and implement the Usage and IT Security Policies to ensure the risk of inaccurate information is minimized and the integrity of the data is maintained.
3. Formalize policies that require the evaluation of the SOC 1/SOC 2 reports provided by its service organizations to be documented and compensating controls identified and evaluated for effectiveness.
4. Implement the established system access policy to disable terminated employees timely and monitor compliance with the updated policy.

Management Response and Planned Correction Action

1. Person Responsible: Rafael Linares, CISO and Phillip Daigneau, Auditor-Controller IT Director
2. Corrective Action Plan:
 - i. Recommendation 1: The County established a Cybersecurity Joint Task Force (CSJTF), which was tasked with developing a Cybersecurity Manual. The manual was issued in August 2018 and addresses the development and implementation of policy and procedures including critical processes.
 - ii. Recommendation 2: The County's Cybersecurity Joint Task Force has drafted the County's IT Security Policy and IT Usage Policy, which will be reviewed during the next CSJTF meeting scheduled for April 11, 2019.
 - iii. Recommendation 3: The County has developed an External Dependencies Management (EDM) policy and associated procedures that require the documentation of the evaluation of Service Providers including those that require SOC 1/SOC 2 reports where applicable, as part of the Cybersecurity Best practices Manual approved by the IT Executive Council on August 21, 2018.
 - iv. Recommendation 4: AC/IT worked with HR to develop a new HR report in January 2019. This report compares the transaction date to the effective date and reports on any transactions that occur greater than the accepted days per updated policy. This report is monitored and reviewed in the CAPS+ HR weekly meeting for staff to then take the necessary action.
3. Anticipated Implementation Date:
 - i. August 2018
 - ii. Targeted for CSJTF approval June 2019
 - iii. August 2018
 - iv. January 2019

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The following findings represent material weaknesses, significant deficiencies, and/or instances of noncompliance, including questioned costs, required to be reported in accordance with 2 CFR 200, Subpart F.

Finding 2018-002

Program: Workforce Innovation and Opportunity Act (WIOA)

CFDA No.: 17.258/17.259/17.278

Federal Grantor: U.S. Department of Labor

Passed-through: California Employment Development Department

Award No. and Year: various

Compliance Requirements: Procurement and Suspension and Debarment

Criteria:

In accordance with 2 *CFR section 215.43*, all procurement transactions will be conducted in a manner providing full and open competition.

Condition:

During our testing of compliance with the procurement requirements for subrecipients, we noted that the Orange County Community Resources (OCCR) Department entered into a contract with a subrecipient that did not follow the County's procurement process prior to awarding the contract.

Questioned Costs:

\$3,911,557

Context:

Of the two (2) subrecipient contracts selected for testing totaling \$5,071,295 of current expenditures, one (1) subrecipient contract totaling \$3,911,557 of current expenditures did not adhere to the County's purchasing policy to ensure full and open competition.

Effect:

Failure to follow procurement standards when entering into a subrecipient contract results in noncompliance with Federal regulations.

Cause:

OCCR did not adhere to established policies and procedures when awarding the subrecipient contract.

Repeat Finding:

This finding is a repeat finding of prior year finding 2017-002.

Recommendation:

We recommend that OCCR adhere to their procurement policies and procedures prior to entering into a contract with the subrecipient.

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Management Response and Planned Correction Action

1. Person Responsible: Lydia Garcia, Contract Development & Management Manager
2. Corrective Action Plan:
OCCR released a Request for Proposals (RFP) for WIOA Title I Career Services and for an AJCC Operator on April 30, 2018. This RFP resulted in successful contract awards for a term of eighteen months beginning January 1, 2019. This corrective action was fully implemented as of January 1, 2019.
3. Anticipated Implementation Date: January 1, 2019

Finding 2018-003

Program: Block Grants for Prevention and Treatment of Substance Abuse

CFDA No.: 93.959

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

Passed-through: California Department of Health Care Services

Award No. and Year: 17-94147 (2018)

Program: Crime Victim Assistance

CFDA No.: 16.575

Federal Grantor: U.S. Department of Justice

Passed-through: California Office of Emergency Services and California Governor's Office of Emergency Services

Award No. and Year: Various

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR section 200.303(a), Internal Controls, states that the non-Federal entity 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.

2 CFR section 200.331(b), Requirements for Pass-Through Entities, states that all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward for purpose of determining the appropriate subrecipient monitoring.

Condition:

During our testing of the Health Care Agency, CEO's Office, and District Attorney's Office provisions for evaluating subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward, we noted the following instances where evaluation of the subrecipient's risk of noncompliance was performed but not documented:

- Eight (8) of the eight (8) subawards selected for testing from the Block Grants for Prevention and Treatment of Substance Abuse.
- Three (3) of the three (3) Crime Victim Assistance subawards through the CEO's Office selected for testing.
- One (1) of the one (1) Crime Victim Assistance Program subawards through the District Attorney's Office selected for testing.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Context:

The condition noted above was identified during our procedures over the Health Care Agency, CEO's Office, and District Attorney's Office subrecipient monitoring provisions.

Effect:

There is an increased risk that the monitoring procedures performed may not address the subrecipient's risk of noncompliance.

Cause:

The Health Care Agency, CEO Office, and District Attorney's Office did not have procedures implemented to ensure the evaluation of the subrecipient's risk of noncompliance was documented.

Recommendation:

We recommend that the Health Care Agency, CEO's Office, and District Attorney's Office implement policies and procedures to ensure that the required evaluation of the subrecipient's risk of noncompliance be documented in accordance with 2 *CFR section 200.331(b)*.

Management Response and Planned Correction Action

Health Care Agency:

1. Person Responsible: Maria Pirona, HCA Contract Services Manager
2. Corrective Action Plan:
The Health Care Agency will review and update, as necessary, the detailed Policies, Procedures and checklists that are currently in place to ensure the capturing all contract monitoring elements for the purpose of mitigating risk, and encompasses our subrecipient monitoring for various activities.
3. Anticipated Implementation Date: December 31, 2019

CEO's Office and District Attorney's Office:

1. Person Responsible: Selina Chan-Wychgel, CEO Fiscal Services Manager and Kenneth Brockbank, District Attorney Fiscal Services Manager
2. Corrective Action Plan:
The CEO's and OC District Attorney's Offices will develop and implement procedures to ensure the subrecipient's risk of noncompliance is properly documented.
3. Anticipated Implementation Date: August 31, 2019

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2018-004

Program: Aging Cluster

CFDA No.: 93.041/93.042/93.043/93.044/93.045/93.052/93.053

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

Passed-through: California Department of Aging

Award No. and Year: AP-1718-22 (2018)

Program: Block Grants for Prevention and Treatment of Substance Abuse

CFDA No.: 93.959

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

Passed-through: California Department of Health Care Services

Award No. and Year: 17-94147 (2018)

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR Part 200.331(a), Requirements for Pass-Through Entities, states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information as well as all the requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award.

Condition:

The following information was not provided at the time of subaward for four (4) of the four (4) subawards selected for testing from the Aging Cluster:

- Federal award date of award to the recipient by the Federal agency
- Identification of whether the award is research and development

The following information was not provided at the time of subaward for eight (8) of the eight (8) subawards selected for testing from the Block Grants for Prevention and Treatment of Substance Abuse:

- Federal award identification number
- Federal award date of award to the recipient by the Federal agency
- Name of federal awarding agency
- Identification of whether the award is research and development

For two (2) of the eight (8) subawards selected for testing for the Block Grants for Prevention and Treatment of Substance Abuse the CFDA number and name were missing.

For six (6) of the eight (8) subawards selected for testing for the Block Grants for Prevention and Treatment of Substance Abuse the indirect cost rate for the federal award was missing.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures over the Orange County Community Resources (OCCR) department and the Health Care Agency's subrecipient monitoring provisions.

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Effect:

OCCR and the Health Care Agency did not identify the required elements of the subaward to the subrecipients at the time of subaward, increasing the risk of noncompliance.

Cause:

OCCR and the Health Care Agency's procedures did not consistently ensure that the required award information and applicable requirements were communicated to subrecipients.

Recommendation:

We recommend that OCCR and the Health Care Agency modify and/or strengthen its current policies and procedures to ensure that all required award information and applicable requirements is communicated to subrecipients at the time of subaward in accordance with *.2 CFR section 200.331(a)*.

Management Response and Planned Correction Action

OCCR:

1. Person Responsible: Lydia Garcia, Contract Development & Management Manager
2. Corrective Action Plan:
OCCR will include a Federal Award Identification paragraph that includes all required award information and applicable requirements for all Aging contracts that allocate federal funds.
3. Anticipated Implementation Date: July 1, 2019

Health Care Agency:

1. Person Responsible: Maria Pirona, HCA Contract Services Manager
2. Corrective Action Plan:
The Health Care Agency will review and update the Policies and Procedures to ensure this information is included where required in all future contracts.
3. Anticipated Implementation Date: December 31, 2019

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2018-005

Program: Community Development Block Grants (CDBG)

CFDA No.: 14.218

Federal Grantor: U.S. Department of Housing and Urban Development

Award No. and Year: Various

Program: Aging Cluster

CFDA No.: 93.041/93.042/93.043/93.044/93.045/93.052/93.053

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

Passed-through: California Department of Aging

Award No. and Year: AP-1718-22 (2018)

Program: Crime Victim Assistance

CFDA No.: 16.575

Federal Grantor: U.S. Department of Justice

Passed-through: California Office of Emergency Services and California Governor's Office of Emergency Services

Award No. and Year: Various

Compliance Requirements: Procurement and Suspension and Debarment

Criteria:

2 CFR section 200.303(a), *Internal Controls*, states that the non-Federal entity 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.

Title 2 CFR Section 200.213 of the Uniform Guidance states that the County must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689, "Debarment and Suspension;" Federal awarding agency regulations in Title 2 of the CFR adopting/implementing the OMB guidance in 2 CFR part 180; program legislation; and the terms and conditions of the award. The *2017 Compliance Supplement* states:

- Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.
- When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/SAM/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Condition:

During our testing of the Orange County Community Resources (OCCR) department, CEO's Office, and District Attorney's Office provisions for procurement requirements for subrecipients, we noted the following instances where there was no evidence that departments verified the entity was not suspended or debarred or otherwise excluded from participating in the transaction:

- One (1) of the two (2) CDBG contracts through the OCCR department selected for testing.
- Three (3) of the four (4) Aging subawards through the OCCR department selected for testing.
- One (1) of the three (3) Crime Victim Assistance subawards through the CEO's Office selected for testing.
- One (1) of the one (1) Crime Victim Assistance subawards through the District Attorney's Office selected for testing.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition above was identified during our testing of the procurement and suspension and debarment requirements of the programs.

Effect:

Verification of suspension and debarment of the entities that the departments entered into covered transactions which was not documented in accordance with federal regulations resulting in non-compliance with procurement requirements.

Cause:

OCCR, CEO's Office, and District Attorney's Office did not document the review of the contract for compliance with the suspension and debarment requirements as stated in 2 *CFR* §180.300.

Recommendation:

We recommend that OCCR, CEO's Office, and District Attorney's Office adhere to their procurement procedures prior to entering into a covered contract.

Management Response and Planned Correction Action

OCCR:

1. Person Responsible: Lydia Garcia, Contract Development & Management Manager
2. Corrective Action Plan:
On March 22, 2018, the Contract Development & Management team implemented the Contract Compliance Checklist that includes the Suspension and Debarment screening.
These screenings are conducted prior to contract approval and execution. Additionally, OCCR has updated its standard contract language regarding Suspension and Debarment consistent with the requirements of 2 *CFR* Section 180.300.
3. Anticipated Implementation Date: March 22, 2018

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

CEO's Office and District Attorney's Office:

1. Person Responsible: Selina Chan-Wychgel, CEO Fiscal Services Manager and Kenneth Brockbank, District Attorney Fiscal Services Manager
2. Corrective Action Plan:
The CEO's Office will ensure policies and procedures are in place and followed to verify and document subrecipient's status regarding being suspended, disbarred or otherwise excluded in accordance with Title 2 CFR Section 200.213 of the Uniform Guidance.

The OC District Attorney's Office currently has policies and procedures in place to verify that subrecipients are not suspended, disbarred or otherwise excluded in accordance with Title 2 CFR Section 200.213 of the Uniform Guidance; however, OC District Attorney's Office will add new procedures to ensure the verifications are properly documented.
3. Anticipated Implementation Date: August 31, 2019

Finding 2018-006

Program: Equitable Sharing

CFDA No.: 16.922

Federal Grantor: U.S. Department of Justice

Award No. and Year: various

Compliance Requirements: Equipment and Real Property Management

Criteria:

In accordance with 2 CFR section 200.313(d)(1), a non-federal entity must maintain property records that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, acquisition date, cost of the property, percentage of Federal participation in project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.

Condition:

During our testing of compliance with the equipment and real property management requirements, we noted the following instances of non-compliance:

- Six (6) of ten (10) equipment purchases selected for physical inspection did not include the correct location of the equipment on the Sheriff's department property records.
- One (1) of the ten (10) equipment purchases selected for physical inspection did not have the correct serial number on the Sheriff's department property records.
- Six (6) of the ten (10) assets selected for physical inspection were not tagged with an asset identification number for tracking purposes.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Context:

The condition above was identified during our testing of the equipment and real property management requirements of the program.

Effect:

Failure to follow the equipment and real property management requirements results in non-compliance with Federal regulations.

Cause:

The Sheriff department's procedures did not consistently ensure property records were accurate and that assets were consistently tagged with asset identification numbers.

Recommendation:

We recommend that the Sheriff's department adhere to their policies and procedures to ensure that property records are maintained in accordance with the equipment and real property management requirements.

Management Response and Planned Correction Action

1. Person Responsible: Monique Vansuch, Audit Manager
2. Corrective Action Plan:
The Orange County Sheriff's Department Financial/Administrative Services Division will adhere to the Sheriff-Coroner Department Fixed Asset and Controlled Equipment Inventory procedure to ensure property records are maintained in accordance with the equipment and real property management requirements.
3. Anticipated Implementation Date: March 27, 2019

Finding 2018-007

Program: Housing Voucher Cluster

CFDA No.: 14.871

Federal Grantor: U.S. Department of Housing and Urban Development

Award No. and Year: various

Compliance Requirements: Eligibility

Criteria:

Public housing agencies are required to determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with *24 CFR part 5 subpart F*.

Condition:

During our testing of eligibility requirements, of the three (3) of the forty (40) participants selected for testing, adjusted income was incorrectly calculated. Adjusted income is the basis for determining the participant's monthly housing assistance payment.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Context:

The condition above was identified during our testing of the eligibility requirements of the program.

Effect:

The condition causes housing assistance payments to be incorrectly calculated.

Cause:

The Orange County Community Resources (OCCR) department's procedures did not consistently calculate participants' adjusted income in accordance with Federal regulations.

Recommendation:

We recommend that OCCR updates policies and procedures related to the verification and calculation of the participants' adjusted income.

Management Response and Planned Correction Action

1. Person Responsible: Marie Vu, Housing Manager, Orange County Housing Authority (OCHA).
2. Corrective Action Plan:
 - OCHA, as a high performing Housing Authority, maintains less than a 10% error rate for determinations of adjusted income. The 3 out of 40 files found with errors is less than 10% which is allowable under HUD SEMAP guidelines for a high performing Housing Authority.
 - OCHA will continue to conduct monthly quality control reviews of determinations of tenant adjusted income calculations. OCHA will coordinate and conduct ongoing and refresher training at section meetings based on results of its monthly quality control reviews.
3. Anticipated Implementation Date: March 26, 2019

Finding 2018-008

Program: Block Grants for Prevention and Treatment of Substance Abuse

CFDA No.: 93.959

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

Passed-through: California Department of Health Care Services

Award No. and Year: 17-94147 (2018)

Program: Crime Victim Assistance

CFDA No.: 16.575

Federal Grantor: U.S. Department of Justice

Passed-through: California Office of Emergency Services and California Governor's Office of Emergency Services

Award No. and Year: Various

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR section 200.303(a), *Internal Controls*, states that the non-Federal entity 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.

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

2 *CFR* section 200.331(d), *Requirements for Pass-Through Entities*, states that all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and the subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- Reviewing financial and performance reports required by the pass-through entity.
- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 *Management decision*.

Condition:

For one (1) of the eight (8) Block Grants for Prevention and Treatment of Substance Abuse subawards selected for testing, we noted there was no evidence that appropriate follow-up occurred to ensure that the subrecipient took timely and appropriate action in regards to deficiencies pertaining to the Federal award provided to the subrecipient.

For three (3) of the three (3) Crime Victim Assistance subawards through the CEO's Office selected for testing, we noted there was no evidence or documentation that a management decision of audit findings pertaining to the Federal award was provided to the subrecipient from the CEO's Office as required by § 200.521 *Management decision*.

For one (1) of the one (1) Crime Victim Assistance subawards through the District Attorney's Office selected for testing, we noted there was no evidence or documentation that a management decision for audit findings pertaining to the Federal award was provided to the subrecipient from the District Attorney's Office as required by § 200.521 *Management decision*.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures over the Health Care Agency, CEO's Office, and District Attorney's Office subrecipient monitoring provisions.

Effect:

Subrecipient monitoring procedures were not documented in accordance with federal regulations resulting in non-compliance with subrecipient monitoring requirements.

Cause:

The Health Care Agency, CEO's Office, and District Attorney's Office did not have appropriate procedures implemented to document performance of subrecipient monitoring.

Recommendation:

We recommend the Health Care Agency, CEO's Office, and District Attorney's Office implement policies and procedures to document the monitoring of subrecipients is documented in accordance with 2 *CFR* section 200.331(d).

Attachment No. 1 - Corrective Action Plan for Current Year Findings

COUNTY OF ORANGE, CALIFORNIA Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Management Response and Planned Correction Action

Health Care Agency:

1. Person Responsible: Maria Pirona, HCA Contract Services Manager
2. Corrective Action Plan:
The Health Care Agency will review and update, as necessary, the detailed Policies, Procedures and checklists that are currently in place to ensure the capturing all contract monitoring elements for the purpose of mitigating risk, and encompasses our subrecipient monitoring for various activities.
3. Anticipated Implementation Date: December 31, 2019

CEO's Office and District Attorney's Office:

1. Person Responsible: Selina Chan-Wychgel, CEO Fiscal Services Manager and Kenneth Brockbank, District Attorney Fiscal Services Manager
2. Corrective Action Plan:
The CEO's and District Attorney's Offices will develop and implement procedures to ensure management decisions, resulting from the monitoring of the subrecipients are formally communicated and properly documented.
3. Anticipated Implementation Date: August 31, 2019

Attachment No. 2 – Summary Schedule of Prior Audit Findings

COUNTY OF ORANGE, CALIFORNIA
 Schedule of Prior Audit Findings
 For the Year Ended June 30, 2018

Prior Year Financial Statement Finding				
Finding No.	Finding Description	Status of Corrective Action	Reason for Findings Recurrence	Contact Info
2017-001	Information Technology General Controls (ITGC)	In progress. See current year finding 2018-001.	Two items pending approval in FY 2018-19.	Rafael Linares - Chief Information Security Officer Phillip Daigneau - A/C Director Information Technology

Prior Year Federal Award Findings						
Finding No.	Federal Program Name	CFDA No.	Compliance Requirements	Status of Corrective Action	Reason for Findings Recurrence	Contact Info
2014-003	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Subrecipient Monitoring	Implemented	N/A	N/A
2015-001	Aging Cluster; Medical Assistance Program	93.044; 93.045; 93.053; 93.778	Subrecipient Monitoring	Implemented - Orange County Community Resources In progress. Health Care Agency - A policy was established to address the issue in November 2014 and will be applied prospectively to new contracts.	Health Care Agency - Due to multi-year contract(s) that were issued prior to the DUNS number process put into effect in Nov 2014. The multi-year contracts were still active without the contracts modified to include DUNS number.	Cindy Wong - HCA Accounting Manager Maria Pirona - HCA Contract Services Manager
2016-001	SNAP Cluster; HIV Emergency Relief Project Grants; Block Grants for Community Mental Health Services	10.561; 93.914; 93.958	Subrecipient Monitoring	In progress. A policy was established to address the issue in November 2014 and will be applied prospectively to new contracts.	Due to multi-year contract(s) that were issued prior to the DUNS number process put into effect in Nov 2014. The multi-year contracts were still active without the contracts modified to include DUNS number.	Cindy Wong - HCA Accounting Manager Maria Pirona - HCA Contract Services Manager
2017-002	Workforce Innovation and Opportunity Act (WIOA) Cluster	17.258; 17.259; 17.278	Procurement and Suspension and Debarment	Implemented with respect to the suspension and debarment provision. For procurement policies, the condition noted in 2017-002 carried into fiscal year 2018. See current year finding 2018-002.	Procurement policies implementation carried forward into fiscal year 2018.	Lydia Garcia - OCCR Contract Development & Management Manager
2017-003	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Continuum of Care Program WIA/WIOA Adult Program, WIA/WIOA Youth Activities, WIA/WIOA Dislocated Worker Formula Grants (WIOA Cluster) HIV Prevention Activities Health Department Based	93.074 14.267 17.258; 17.259; 17.278 93.940	Procurement and Suspension and Debarment	Implemented	N/A	N/A

Attachment No. 2 – Summary Schedule of Prior Audit Findings

COUNTY OF ORANGE, CALIFORNIA
 Schedule of Prior Audit Findings
 For the Year Ended June 30, 2018

Prior Year Federal Award Findings (Continued)						
Finding No.	Federal Program Name	CFDA No.	Compliance Requirements	Status of Corrective Action	Reason for Findings Recurrence	Contact Info
2017-004	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness	93.074	Program Income	Implemented	N/A	N/A
2017-005	HIV Prevention Activities Health Department Based	93.940	Subrecipient Monitoring	Implemented	N/A	N/A
2017-006	Continuum of Care Program	14.267	Procurement and Suspension and Debarment	Implemented	N/A	N/A