



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2024

County of Orange, California

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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Supervisors and Audit Oversight Committee
County of Orange, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2024, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated February 24, 2025. Our report 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 dba CalOptima Health (CalOptima Health) and the Orange County Employees Retirement System (OCERS), as described in our report on the County’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes an emphasis of matter regarding the County’s litigation proceedings against a former member of the Board of Supervisors and several nonprofit entities that resulted in the resignation of a Board of Supervisor member.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

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

County's Response to Findings

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

Purpose of this Report

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



Laguna Hills, California
February 24, 2025



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Report on the 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

To the Board of Supervisors
County of Orange, California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the County of Orange, California’s (County) compliance with the types of compliance requirements identified as subject to audit 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, 2024. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Refugee and Entrant Assistance State/Replacement Designee Administered Programs (93.566) and Epidemiology and Laboratory Capacity for Infectious Disease (93.323)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have had a direct and material effect on the Refugee and Entrant Assistance State/Replacement Designee Administered Programs and Epidemiology and Laboratory Capacity for Infectious Disease for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the 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, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Matter Giving Rise to Qualified Opinion on Refugee and Entrant Assistance State/Replacement Designee Administered Programs (93.566)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding the Refugee and Entrant Assistance State/Replacement Designee Administered Programs (Assistance Listing No. 93.566), as described in finding number 2024-014 for activities allowed or unallowed, allowable costs/cost principles, and eligibility.

Matter Giving Rise to Qualified Opinion on Epidemiology and Laboratory Capacity for Infectious Disease (93.323)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding the *Epidemiology and Laboratory Capacity for Infectious Disease* Program (Assistance Listing No. 93.323), as described in finding number 2024-013 for equipment and real property management.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

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 Health) (discretely presented component units), and Orange County Employees Retirement System (OCERS) (fiduciary component unit) which expended \$0, \$3,042,208, and \$0 respectively, in federal awards, which are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2024. Our compliance audit, described in the "Qualified and Unmodified Opinions" does not include the operations of the CFCOC, CalOptima Health, and OCERS. CalOptima Health 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 and OCERS did not issue a report in accordance with the Uniform Guidance because they did not incur expenditures from federal awards and, as such, did not meet the reporting thresholds under the Uniform Guidance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-006 through 2024-009, 2024-012 and 2024-015. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify 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 items 2024-011, 2024-013, and 2024-014 to be material weaknesses.

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 2024-004 through 2024-010, 2024-012 and 2024-015 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 24, 2025, which contained unmodified opinions on those financial statements. Our report included a reference to other auditors who audited the financial statements of CFCOC, CalOptima Health and OCERS as described in our report on the County's financial statements. Our report also included an emphasis of matter regarding the County's litigation proceedings against a former member of the Board of Supervisors and several nonprofit entities over the use of certain federal funds. 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.

Eide Bailly LLP

Laguna Hills, California
March 31, 2025

County of Orange, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program or Cluster Title (Direct or Indirect) (1)	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number (2)	Pass-Through Entity's Name	Amount Passed-Through to Subrecipient	County Department
				Expenditures	
U.S. Department of Agriculture					
Plant and Animal Disease, Pest Control, and Animal Care					
		17-0468-000-SA, 18-0411-000-SA, 19-0251-000-SA, 19-0737-034-SF, 20-0709-035-SF, 22-0294-016-SF,			
Asian Citrus Psyllid Bulk Citrus Regulatory Program (Indirect)	10.025	23-0026-030-SF	CA Dept. of Food & Agriculture	\$ 396,530	- OC Public Works
Detector Dog Team Program (Indirect)	10.025	23-0411-012-SF	CA Dept. of Food & Agriculture	112,550	- OC Public Works
Phytophthora Ramorum Program (Indirect)	10.025	22-0998-028-SF	CA Dept. of Food & Agriculture	638	- OC Public Works
Pierce's Disease Control (GWSS) Program (Indirect)	10.025	21-0517-013-SF	CA Dept. of Food & Agriculture	467,969	- OC Public Works
Subtotal 10.025				<u>977,687</u>	-
School Breakfast Program (Indirect)	10.553	02039-SN-30-R	CA Dept. of Education	50,803	- Social Services Agency
School Breakfast Program (Indirect)	10.553	30-34306-9003500-1	CA Dept. of Education	188,496	- Probation
Subtotal 10.553				<u>239,299</u>	-
National School Lunch Program (Indirect)	10.555	02039-SN-30-R	CA Dept. of Education	58,403	- Social Services Agency
National School Lunch Program (Indirect)	10.555	30-34306-9003500-1	CA Dept. of Education	302,657	- Probation
Subtotal 10.555				<u>361,060</u>	-
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)				<u>600,359</u>	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children Women, Infants, and Children (WIC) (Indirect)	10.557	22-10270 A02	CA Dept. of Public Health	4,310,594	- Health Care Agency
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CalFresh Expansion (Indirect)	10.561	CF-2223-22	CA Dept. of Aging	23,191	15,921 OC Community Resources
		247CACA4S2514, 247CACA4Q7503, 247CACA4S2519, 247CACA4S2520	CA Dept. of Social Services	53,546,337	- Social Services Agency
Non-Assisted Benefits (Indirect)	10.561	247CACA4S2514	CA Dept. of Social Services	1,046,538	- Social Services Agency
Non-Assisted Benefits-CA Work Opportunity and Responsibility to Kids Information Network (CalWIN) (Indirect)	10.561	19-10360 A01 (FFY22-23); 23-10332 (FFY 23-24)	CA Dept. of Public Health	2,443,303	- Health Care Agency
Nutrition Education and Obesity Prevention - CalFresh Healthy Living Program (Indirect)	10.561	CF-2223-22	CA Dept. of Aging	11	- OC Community Resources
SNAP'Ed - CalFresh Expansion (Indirect)	10.561	CF-2223-22	CA Dept. of Aging	29,770	694 OC Community Resources
SNAP'Ed - CalFresh Expansion (Indirect)	10.561	CF-2223-22	CA Dept. of Aging	57,089,150	<u>16,615</u>
Subtotal 10.561 (SNAP Cluster)				<u>57,089,150</u>	<u>16,615</u>
Senior Farmers Market Nutrition Program Value of Senior Farmer's Market Coupons (Direct)	10.576			44,000	- OC Community Resources
Schools and Roads - Grants to States Federal Forest Reserve Fund (Indirect)	10.665	12-5955	State Controller's Office	30,449	- OC Public Works
Subtotal 10.665 (Forest Service Schools and Roads Cluster)				<u>30,449</u>	-
Subtotal - U.S. Department of Agriculture				<u>63,052,239</u>	<u>16,615</u>
U.S. Department of Defense					
Santa Ana River Mainstem Project - Prado Dam Construction (Direct)	12.U01	Project Cooperation Agreement-Dept of Army-2020		28,703,603	- OC Public Works
Subtotal - U.S. Department of Defense				<u>28,703,603</u>	-
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-A: Elder Abuse Prevention (Indirect)	93.041	AP-2324-22	CA Dept. of Aging	41,099	41,099 OC Community Resources
Subtotal 93.041				<u>41,099</u>	<u>41,099</u>
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-2324-22	CA Dept. of Aging	134,412	134,412 OC Community Resources
COVID-19 ARP Title VII-A: Ombudsman (Indirect)	93.042	AP-2122-22	CA Dept. of Aging	25,899	25,899 OC Community Resources
Subtotal 93.042				<u>160,311</u>	<u>160,311</u>
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services Title III-D: Preventive Health (Indirect)	93.043	AP-2324-22	CA Dept. of Aging	138,168	13,174 OC Community Resources
COVID-19 ARP Title III-D: Preventive Health (Indirect)	93.043	AP-2122-22	CA Dept. of Aging	88,208	- OC Community Resources
Subtotal 93.043				<u>226,376</u>	<u>13,174</u>
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-2324-22	CA Dept. of Aging	3,029,425	2,296,586 OC Community Resources
COVID-19 ARP Title III-B: Senior Supportive Services (Indirect)	93.044	AP-2122-22	CA Dept. of Aging	662,414	499,784 OC Community Resources
Subtotal 93.044				<u>3,691,839</u>	<u>2,796,370</u>

County of Orange, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program or Cluster Title (Direct or Indirect) (1)	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number (2)	Pass-Through Entity's Name	Amount		County Department
				Expenditures	Passed-Through to Subrecipient	
Special Programs for the Aging, Title III, Part C, Nutrition Services						
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP-2324-22	CA Dept. of Aging	\$ 4,145,264	\$ 3,777,668	OC Community Resources
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP-2324-22	CA Dept. of Aging	3,578,896	3,239,745	OC Community Resources
COVID-19 ARP Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP-2122-22	CA Dept. of Aging	141,966	141,602	OC Community Resources
COVID-19 ARP Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP-2122-22	CA Dept. of Aging	671,979	671,979	OC Community Resources
Subtotal 93.045				8,538,105	7,830,994	
National Family Caregiver Support, Title III, Part E						
Title III-E: National Family Caregiver Support Program (Indirect)	93.052	AP-2324-22	CA Dept. of Aging	1,667,883	1,166,141	OC Community Resources
COVID-19 ARP Title III-E: National Family Caregiver Support Program (Indirect)	93.052	AP-2122-22	CA Dept. of Aging	280,174	196,902	OC Community Resources
Subtotal 93.052				1,948,057	1,363,043	
Nutrition Services Incentive Program						
Title III-C1: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-2324-22	CA Dept. of Aging	278,249	278,249	OC Community Resources
Title III-C2: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-2324-22	CA Dept. of Aging	699,668	699,668	OC Community Resources
Subtotal 93.053				977,917	977,917	
Subtotal 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, and 93.053 (Aging Cluster)				15,583,704	13,182,908	
Public Health Emergency Preparedness (PHEP) (Indirect)	93.069	22-10668	CA Dept. of Public Health	3,215,816	-	Health Care Agency
Medicare Enrollment Assistance Program						
Medicare Improvements for Patients and Provider Act (MIPPA) (Indirect)	93.071	MI-2223-22	CA Dept. of Aging	90,476	89,253	OC Community Resources
Medicare Improvements for Patients and Provider Act (MIPPA) (Indirect)	93.071	MI-2324-22	CA Dept. of Aging	120,954	100,681	OC Community Resources
Subtotal 93.071				211,430	189,934	
Guardianship Assistance						
FEDGAP Assistance (Indirect)	93.090	2401CAGARD	CA Dept. of Social Services	2,115,726	-	Social Services Agency
Guardianship Assistance (Indirect)	93.090	2401CAGARD	CA Dept. of Social Services	68,774	-	Social Services Agency
Subtotal 93.090				2,184,500	-	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs						
Civil Surgeons' Capacity to Improve LTB Surveillance and Outcomes Among Status Adjusters (Indirect)	93.116	KD2JSY6LNMW7	CA Dept. of Public Health	115,243	-	Health Care Agency
TB Local Assistance (Base Award) (Indirect)	93.116	2330BASE00	CA Dept. of Public Health	616,404	-	Health Care Agency
Subtotal 93.116				731,647	-	
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	556,673	556,673	Health Care Agency
Immunization Cooperative Agreements						
Pediatric Immunization - Immunization Assistance Program (IAP) (Indirect)	93.268	22-11078	CA Dept. of Public Health	647,624	-	Health Care Agency
COVID-19 Pediatric Immunization - Immunization Assistance Program (IAP) (Indirect)	93.268	22-11078	CA Dept. of Public Health	4,279,470	-	Health Care Agency
Subtotal 93.268				4,927,094	-	
Epidemiology and Laboratory Capacity for Infectious Disease (ELC)						
ELC Public Health Laboratory Preparedness Program (Indirect)	93.323	6NU50CK000539-02-04 DHHS-CDC A01	Public Health Foundation Enterprises, Inc. DBA Heluna Health	3,490	-	Health Care Agency
2021-2024 ELC Detection & Mitigation of COVID-19 in Confinement Facilities Funding (Indirect)	93.323	ELCCON-68	CA Dept. of Public Health	868,467	-	Sheriff-Coroner
Enhanced Gonorrhea Isolate Surveillance Project (eGISP) (Indirect)	93.323	0187.2310	Public Health Foundation Enterprises, Inc. DBA Heluna Health	32,557	-	Health Care Agency
COVID-19 ELC Enhancing Detection Expanding Funding (Indirect)	93.323	COVID-19ELC88	CA Dept. of Public Health	12,013,292	314,893	Health Care Agency
COVID-19 ELC Enhancing Detection Funding (Indirect)	93.323	COVID-19ELC30	CA Dept. of Public Health	692,815	-	Health Care Agency
COVID-19 Epidemiology and Laboratory Capacity (ELC) Strengthening						
HAI/AR Program Capacity (SHARP) (Indirect)	93.323	ELCPHLSHARP-05	CA Dept. of Public Health	123,577	-	Health Care Agency
Subtotal 93.323				13,734,198	314,893	
State Health Insurance Assistance Program						
Health Insurance Counseling and Advocacy Program (Indirect)	93.324	HI-2122-22	CA Dept. of Aging	134,324	131,333	OC Community Resources
Health Insurance Counseling and Advocacy Program (Indirect)	93.324	HI-2425-22	CA Dept. of Aging	48,616	33,338	OC Community Resources
Subtotal 93.324				182,940	164,671	
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department						
Response to Public Health or Healthcare Crises						
COVID-19 National Initiative to Address COVID-19 Health Disparities Among Populations at High-Risk and Underserved, Including Racial and Ethnic Minority Populations and Rural Communities (Direct)	93.391			7,933,520	-	Health Care Agency
MaryLee Allen Promoting Safe and Stable Families Program						
Family Preservation (Indirect)	93.556	2201CAFPPS, 2201CAPKIN	CA Dept. of Social Services	2,384,373	-	Social Services Agency
Temporary Assistance for Needy Families						
CalWORKs (Indirect)	93.558	2401CATANF	CA Dept. of Social Services	33,838,556	-	Social Services Agency
CalWORKs Admin (Indirect)	93.558	2401CATANF	CA Dept. of Social Services	111,872,274	-	Social Services Agency
CalWORKs-CaISAWs (Indirect)	93.558	2401CATANF	CA Dept. of Social Services	154,996	-	Social Services Agency
Subtotal 93.558				145,865,826	-	
Child Support Enforcement						
Child Support Enforcement Program (Indirect)	93.563	2001CACSES	CA Dept. of Child Support Services	33,329,579	-	Child Support Services
Support Enforcement Incentive Fund (Indirect)	93.563	2001CACSES	CA Dept. of Child Support Services	1,006,659	-	Child Support Services
Subtotal 93.563				34,336,238	-	

See Notes to Schedule of Expenditures of Federal Awards

County of Orange, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program or Cluster Title (Direct or Indirect) (1)	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number (2)	Pass-Through Entity's Name	Amount Expenditures	Amount Passed-Through to Subrecipient	County Department
Refugee and Entrant Assistance State/Replacement Designee Administered Programs Refugee Cash Assistance (Indirect)	93.566	2401CARCMA, 2401CARSSS	CA Dept. of Social Services	\$ 105,541	\$ -	Social Services Agency
Refugee Employment Social Services (Indirect)	93.566	RSS21-03, RSS22-03, RSS23-03, ASA22-02, ORSA21-03,	CA Dept. of Social Services	1,443,918	-	Social Services Agency
Refugee Health Assessment Program (RHAP) (Indirect)	93.566	SOR22-03, HAU2023-03, AUSAA2022-02	CA Dept. of Public Health	350,367	-	Health Care Agency
Welfare Aid to Refugees (Indirect)	93.566	23-30-90899-00	CA Dept. of Social Services	1,750,246	-	Social Services Agency
Subtotal 93.566		2401CARCMA, 2401CARSSS		3,650,072	-	
Community-Based Child Abuse Prevention Grants Community Based Child Abuse Prevention (Indirect)	93.590	02201CABCAP	CA Dept. of Social Services	214,402	-	Social Services Agency
ARPA - Community Based Child Abuse Prevention (Indirect)	93.590	2201CABCAP	CA Dept. of Social Services	335,951	-	Social Services Agency
Subtotal 93.590				550,353	-	
Adoption and Legal Guardianship Incentive Payments Adoption Incentive (Indirect)	93.603	2201CAAIPP	CA Dept. of Social Services	224,354	-	Social Services Agency
Stephanie Tubbs Jones Child Welfare Services Program Child Welfare System Title IV-B (Indirect)	93.645	2201CACWSS	CA Dept. of Social Services	1,756,191	-	Social Services Agency
Foster Care Title IV-E Children Welfare System Title IV-E (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	2,147,065	-	Probation
Children Welfare System Title IV-E (Indirect)	93.658	2301CAFOST, 2401CAFOST	CA Dept. of Social Services	40,405,033	-	Social Services Agency
Removing Barriers to Placements with Relatives (Indirect)	93.658	2301CAFOST, 2401CAFOST	CA Dept. of Social Services	33,775	-	Social Services Agency
Title IV Federally Funded Dependency Representation Program (Indirect)	93.658	19-2038	CA Dept. of Social Services	1,004,775	-	Public Defender
Welfare Aid to Children in Boarding Homes (Indirect)	93.658	2301CAFOST, 2401CAFOST	CA Dept. of Social Services	13,061,777	6,399,759	Social Services Agency
Subtotal 93.658				56,652,425	6,399,759	
Adoption Assistance Adoption Assistance (Indirect)	93.659	2301CAADPT, 2401CAADPT	CA Dept. of Social Services	33,208,658	-	Social Services Agency
Adoptions (Indirect)	93.659	2301CAADPT, 2401CAADPT	CA Dept. of Social Services	3,624,272	-	Social Services Agency
Subtotal 93.659				36,832,930	-	
Social Services Block Grant (Indirect) John H. Chafee Foster Care Program for Successful Transition to Adulthood Independent Living Skills (Indirect)	93.667	2401CASOSR	CA Dept. of Social Services	10,801,018	-	Social Services Agency
Ending the HIV Epidemic: A Plan for America-Ryan White HIV/AIDS Program Parts A and B HRSA Ending the HIV Epidemics (Direct)	93.674	2302CACILP	CA Dept. of Social Services	969,809	-	Social Services Agency
Elder Abuse Prevention Interventions Program Adult Protective Services - ARPA (Indirect)	93.686			864,245	14,919	Health Care Agency
ENDEAR Program: Ending and Disrupting Elder Abuse Recidivism for Person-Centered APS-Community Transitions (Indirect)	93.747	2101CAAPCS	CA Dept. of Social Services	437,565	-	Social Services Agency
Subtotal 93.747		90EJIG0028	The Regents of the University of California	14,320	-	Health Care Agency
Subtotal 93.747				451,885	-	
Children's Health Insurance Program CA Children Services (CCS) Optional Targeted Low Income Children Program (Indirect)	93.767	202330	CA Dept. of Health Care Services	718,714	-	Health Care Agency
Medical Assistance Program CA Children Services (CCS) Medi-Cal (Indirect)	93.778	202330	CA Dept. of Health Care Services	3,199,540	-	Health Care Agency
Child Health and Disability Prevention (CHDP) Program Title XIX (Indirect)	93.778	202330	CA Dept. of Health Care Services	876,460	-	Health Care Agency
Child Welfare Services-Health (Indirect)	93.778	2305CASMAP	CA Dept. of Social Services	3,073,323	-	Social Services Agency
Childhood Lead Poisoning Prevention Program (CLPPP) (Indirect)	93.778	23-10269	CA Dept. of Public Health	230,068	-	Health Care Agency
Children in Foster Care Title XIX-Administrative Expenses (Indirect)	93.778	202330	CA Dept. of Health Care Services	178,061	-	Health Care Agency
Children in Foster Care Title XIX-Health Care Program for Children in Foster Care (HCPCFC) (Indirect)	93.778	202330	CA Dept. of Health Care Services	749,627	-	Health Care Agency
Children in Foster Care Title XIX-Health Care Program for Children in Foster Care (HCPCFC) Caseload Relief (Indirect)	93.778	202330	CA Dept. of Health Care Services	275,900	-	Health Care Agency
County Services Block Grant and Adult Protective Services-Health (Indirect)	93.778	2305CASMAP	CA Dept. of Social Services	4,739,134	-	Social Services Agency
HCPCFC Psychotropic Medication Monitoring and Oversight (PMM&O) (Indirect)	93.778	202330	CA Dept. of Health Care Services	94,616	-	Health Care Agency
Medi-Cal (Indirect)	93.778	MCAC 2023-24 01R	CA Dept. of Health Care Services	139,281,551	-	Social Services Agency
Medi-Cal CalSAWS (Indirect)	93.778	2305CASMAP	CA Dept. of Social Services	2,416,536	-	Social Services Agency
Medi-Cal In-Home Supportive Services (Indirect)	93.778	2305CASMAP	CA Dept. of Social Services	24,073,520	-	Social Services Agency
Medi-Cal In-Home Supportive Services Admin (Indirect)	93.778	2305CASMAP	CA Dept. of Social Services	14,954,638	-	Social Services Agency
Subtotal 93.778 (Medicaid Cluster)				194,142,974	-	
National Bioterrorism Hospital Preparedness Program Hospital Preparedness Program (HPP) (Indirect)	93.889	22-10668	CA Dept. of Public Health	813,832	-	Health Care Agency
HIV Emergency Relief Project Grants Ryan White Minority AIDS Initiative (MAI) (Direct)	93.914			695,442	663,608	Health Care Agency
Ryan White Part A (Direct)	93.914			7,061,007	4,096,121	Health Care Agency
Subtotal 93.914				7,756,449	4,759,729	

County of Orange, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program or Cluster Title (Direct or Indirect) (1)	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number (2)	Pass-Through Entity's Name	Amount Expenditures	Amount Passed-Through to Subrecipient	County Department
HIV Care Formula Grants						
HIV Care Services (Ryan White Part B) (Indirect)	93.917	23-10973, 18-10880	CA Dept. of Public Health, Office of AIDS	\$ 1,975,958	\$ -	Health Care Agency
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease Ryan White Part C (HIV Primary Care) (Direct)	93.918			656,363	-	Health Care Agency
HIV Prevention Activities Health Department Based HIV Prevention Services in STD Clinics to Support the Ending HIV Epidemic- Component C Initiative (Indirect)	93.940	21-10537	CA Dept. of Public Health, Sexually Transmitted Disease Control Branch	335,990	-	Health Care Agency
Integrated Programs to Support Ending the HIV Epidemic (CDC EHE) (Indirect)	93.940	20-10748	CA Dept. of Public Health, Office of AIDS	992,851	641,647	Health Care Agency
Prevention, Testing and Partner Services (Indirect)	93.940	22-10789 A1	CA Dept. of Public Health, Office of AIDS	681,949	67,948	Health Care Agency
Subtotal 93.940				2,010,790	709,595	
Block Grants for Community Mental Health Services Community Mental Health Services Block Grant (MHBG), American Rescue Plan Act (ARPA) (Indirect)	93.958	68-0317191	CA Dept. of Health Care Services	538,050	538,050	Health Care Agency
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	3,075,907	1,048,427	Health Care Agency
Subtotal 93.958				3,613,957	1,586,477	
Block Grants for Prevention and Treatment of Substance Abuse Substance Abuse Prevention and Treatment Block Grant - American Rescue Plan Act (SABG-ARPA) (Indirect)	93.959	68-0317191	CA Dept. of Health Care Services	2,479,769	1,390,584	Health Care Agency
Substance Abuse Prevention and Treatment Block Grant (SABG) (Indirect)	93.959	21-10100	CA Dept. of Health Care Services	16,793,708	9,245,944	Health Care Agency
Subtotal 93.959				19,273,477	10,636,528	
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health CDC Public Health Infrastructure Program Grant (Direct)	93.967			2,090,405	-	Health Care Agency
Sexually Transmitted Diseases (STD) Prevention and Control Grants						
Disease Intervention Specialist Workforce (DIS WFD) (Indirect)	93.977	21-10573	CA Dept. of Public Health, Sexually Transmitted Disease Control Branch	616,605	-	Health Care Agency
STD Surveillance Network (SSuN) (Indirect)	93.977	19-10647	CA Dept. of Public Health	96,073	-	Health Care Agency
Subtotal 93.977				712,678	-	
Maternal and Child Health Services Block Grant to the States Adolescent Family Life Program (AFLP) Title V and XIX (Indirect)	93.994	202330	CA Dept. of Public Health	606,445	-	Health Care Agency
Maternal, Child Health, and Adolescent Health (MCAH) (Indirect)	93.994	202230	CA Dept. of Public Health	2,297,113	16,596	Health Care Agency
Subtotal 93.994				2,903,558	16,596	
Subtotal - U.S. Department of Health and Human Services				581,270,396	38,532,682	
U.S. Department of Homeland Security						
Boating Safety and Enforcement Equipment						
2022 Boating Safety and Enforcement Equipment (BSEE) Grant - FY22/23 (Indirect)	97.012	C22L0602	CA Dept. of Boating & Waterways	101,388	-	Sheriff-Coroner
2023 Boating Safety and Enforcement Equipment (BSEE) Grant - FY23/24 (Indirect)	97.012	C23L0606	CA Dept. of Boating & Waterways	14,182	-	Sheriff-Coroner
Subtotal 97.012				115,570	-	
Disaster Grants-Public Assistance (Presidentially Declared Disasters) COVID-19 FEMA Public Assistance Grant - Disaster DR-4482 (Indirect)	97.036	059-00000	CA Office of Emergency Services	12,241,337	-	OC Public Works
Emergency Management Performance Grants						
2022 Emergency Management Performance Grant EMPG (Indirect)	97.042	059-00000	CA Office of Emergency Services	937,117	382,053	Sheriff-Coroner
Fire Management Assistance Grant FEMA Public Assistance Grant - FM5439 May 2022 Coastal Fire (Indirect)	97.046	059-00000	CA Office of Emergency Services	141,341	-	OC Public Works
Homeland Security Grant Program						
Homeland Security Grant Program (HSGP) (Indirect)	97.067	2022-0043	CA Office of Emergency Services	180,594	-	Health Care Agency
2020 Homeland Security Grant Program (HSGP) (Indirect)	97.067	2020-0095	CA Office of Emergency Services	335,000	325,000	Sheriff-Coroner
2021 Homeland Security Grant Program (HSGP) (Indirect)	97.067	2021-0081	CA Office of Emergency Services	1,104,012	262,885	Sheriff-Coroner
2022 Homeland Security Grant Program (HSGP) (Indirect)	97.067	2022-0043	CA Office of Emergency Services	1,541,623	252,930	Sheriff-Coroner
2021 Homeland Security Program (UASI) (Indirect)	97.067	2021-0081	City of Santa Ana	58,196	-	Sheriff-Coroner
2020 Operation Stonegarden Supplemental Grant (Indirect)	97.067	SDCSDC-12-001 V0	San Diego County Sheriff's Department	130,473	-	Sheriff-Coroner
2021 Operation Stonegarden Supplemental Grant (Indirect)	97.067	2021-0081	San Diego County Sheriff's Department	342,580	-	Sheriff-Coroner
Subtotal 97.067				3,692,478	840,815	
Securing The Cities Program 2020-2030 Securing the Cities Program (Indirect)	97.106	Contract # C-140137	City of Los Angeles Mayor's Office	42,964	-	Sheriff-Coroner
Preparing for Emerging Threats and Hazards TSA: National Explosives Detection Canine Team Program (Direct)	97.U01	70T02020T9NNCP489		51,000	-	John Wayne Airport
Subtotal - U.S. Department of Homeland Security				17,221,807	1,222,868	

County of Orange, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program or Cluster Title (Direct or Indirect) (1)	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number (2)	Pass-Through Entity's Name	Expenditures	Amount Passed-Through to Subrecipient	County Department
U.S. Department of Housing and Urban Development						
Community Development Block Grants/Entitlement Grants						
Community Development Block Grant (Direct)	14.218			\$ 3,894,453	\$ 2,144,674	OC Community Resources
COVID-19 CARES ACT Community Development Block Grant (Direct)	14.218			1,583,682	1,447,712	OC Community Resources
COVID-19 CARES ACT Community Development Block Grant (KCCARES3) (Direct)	14.218			573,447	497,243	OC Community Resources
Subtotal 14.218 (CDBG - Entitlement/Special Purpose Grants Cluster)				6,051,582	4,089,629	
Emergency Solutions Grant Program						
Emergency Shelter Grant Program (Direct)	14.231			346,305	317,824	OC Community Resources
Emergency Solutions Grant Program (Indirect)	14.231	22-ESG-17004	CA Dept. of Housing and Community Development	581,610	562,727	County Executive Office
COVID-19 CARES ACT Emergency Shelter Grant Program (ESG CV1) (Direct)	14.231			211,737	-	OC Community Resources
COVID-19 Emergency Solutions Grant Coronavirus (ESG-CV) (Indirect)	14.231	20-ESGCV1-00008 Amendment 2	CA Dept. of Housing and Community Development	474,165	463,435	County Executive Office
Subtotal 14.231				1,613,817	1,343,986	
HOME Investment Partnerships Program						
HOME Investment Partnerships Program (Direct)	14.239			262,455	13,560	OC Community Resources
COVID-19 HOME Investment Partnerships - American Rescue Plan (HOME-ARP) (Direct)	14.239			43,189	-	OC Community Resources
Subtotal 14.239				305,644	13,560	
Housing Opportunities for Persons with AIDS						
Housing Opportunities for Persons with AIDS (HOPWA) (Indirect)	14.241	AGR-14363	City of Anaheim	683,800	639,066	Health Care Agency
Continuum of Care Program						
Continuum of Care (CoC) - Planning Grant (Direct)	14.267			898,289	192,102	County Executive Office
Continuum of Care (CoC) - Rental Assistance Grant (Direct)	14.267			11,555,350	-	OC Community Resources
Coordinated Entry System (CES) Grant (Direct)	14.267			1,479,778	885,449	County Executive Office
Subtotal 14.267				13,933,417	1,077,551	
Section 8 Housing Choice Vouchers						
Emergency Housing Voucher (Direct)	14.871			11,548,302	-	OC Community Resources
Family Self Sufficiency Program Evaluation (Indirect)	14.871			120	-	OC Community Resources
Section 8 Housing Choice Vouchers (Direct)	14.871	GS-10F-0245N	MDRC	210,258,000	-	OC Community Resources
Subtotal 14.871				221,806,422	-	
Mainstream Vouchers						
Mainstream Vouchers (Direct)	14.879			3,221,710	-	OC Community Resources
Subtotal 14.871 and 14.879 (Housing Voucher Cluster)				225,028,132	-	
Family Self-Sufficiency Program						
Family Self Sufficiency Program Coordinator (Direct)	14.896			497,083	-	OC Community Resources
Subtotal - U.S. Department of Housing and Urban Development				248,113,475	7,163,792	
U.S. Department of the Interior						
Payments in Lieu of Taxes (PILT) (Direct)	15.226			157,550	-	Auditor-Controller
Subtotal - U.S. Department of the Interior				157,550	-	
U.S. Department of Justice						
Crime Victim Assistance						
County Victim Services (XC) Program (Indirect)	16.575	XC22050300, XC23060300	CA Office of Emergency Services	785,940	785,940	County Executive Office
Human Trafficking Advocacy Program (Indirect)	16.575	HA22050300, HA23010300	CA Office of Emergency Services	136,578	136,578	District Attorney
Unserviced/Underserved Victim Advocacy and Outreach Program (Indirect)	16.575	UV22010300, UV23020300	CA Office of Emergency Services	239,627	239,627	County Executive Office
Victim Witness Assistance Program (Indirect)	16.575	VW22410300, VW23420300	CA Office of Emergency Services	2,665,914	2,665,914	County Executive Office
Subtotal 16.575				3,828,059	3,828,059	
Edward Byrne Memorial Justice Assistance Grant Program						
2019 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			4,072	4,072	Sheriff-Coroner
2020 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			102,121	75,093	Sheriff-Coroner
2021 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			115,074	59,847	Sheriff-Coroner
2022 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			187,410	152,204	Sheriff-Coroner
2023 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			57,625	57,625	Sheriff-Coroner
Smart Prosecution Initiative (Direct)	16.738			29,698	-	District Attorney
Subtotal 16.738				496,000	348,841	
DNA Backlog Reduction Program						
2021 DNA Backlog Reduction Grant (Direct)	16.741			11,240	-	Sheriff-Coroner
2022 DNA Backlog Reduction Grant (Direct)	16.741			353,027	-	Sheriff-Coroner
2023 DNA Backlog Reduction Grant (Direct)	16.741			73,091	-	Sheriff-Coroner
Subtotal 16.741				437,358	-	

County of Orange, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program or Cluster Title (Direct or Indirect) (1)	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number (2)	Pass-Through Entity's Name	Amount Expenditures	Amount Passed-Through to Subrecipient	County Department
Paul Coverdell Forensic Sciences Improvement Grant Program						
2022 Paul Coverdell Forensic Science Improvement Program (Indirect)	16.742	CO22 18 0300	CA Office of Emergency Services	\$ 111,159	\$ -	Sheriff-Coroner
Congressionally Recommended Awards						
2023 Byrne Discretionary Grants Program (Direct)	16.753			265,962	-	Sheriff-Coroner
Body Worn Camera Policy and Implementation						
2022 Body Worn Camera Policy & Implementation Program to Support Law Enforcement Agencies (Direct)	16.835			1,624	-	Sheriff-Coroner
Body Worn Camera Policy and Implementation (Direct)	16.835			135,144	-	District Attorney
Subtotal 16.835				136,768	-	
Comprehensive Opioid, Stimulant, and other Substances Use Program						
Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP) (Direct)	16.838			174,441	-	Health Care Agency
Equitable Sharing Program						
Department of Justice Forfeiture Program (Direct)	16.922			514,065	-	District Attorney
Regional Narcotics Suppression Program (RNSP) Forfeitures (Direct)	16.922			3,529,852	-	Sheriff-Coroner
Sheriff's Narcotic Program (SNP) Forfeitures (Direct)	16.922			2,501,823	-	Sheriff-Coroner
Subtotal 16.922				6,545,740	-	
OC Regional Computer Forensics Laboratory (OCRCFL) (Direct)	16.U01	MOU-OCRCFL-2022		73,452	-	District Attorney
Orange County Drug Enforcement Task Force (Direct)	16.U02	Cooperative Agreement-DEA-2022		21,042	-	District Attorney
Orange County Alcohol, Firearms & Explosives Task Force (Direct)	16.U03	MOU-ATF-2021		13,489	-	District Attorney
Subtotal 16.UNKNOWN				107,983	-	
Subtotal - U.S. Department of Justice				12,103,470	4,176,900	
U.S. Department of Labor						
Senior Community Service Employment Program						
Title V - SCSEP - Older Adults' Recovery & Resilience (OARR) (Indirect)	17.235	TV-2122-22	CA Dept. of Aging	338,609	338,609	OC Community Resources
Title V - Senior Community Services Employment Program (Indirect)	17.235	TV-2122-22	CA Dept. of Aging	744,566	685,002	OC Community Resources
Subtotal 17.235				1,083,175	1,023,611	
WIOA Adult Program						
Workforce Investment Act Title I Adult (2022) (Indirect)	17.258	AA311023	CA Employment Development Dept.	1,915,902	1,281,809	OC Community Resources
Workforce Investment Act Title I Adult (2023) (Indirect)	17.258	AA411023	CA Employment Development Dept.	2,057,772	1,388,759	OC Community Resources
Subtotal 17.258				3,973,674	2,670,568	
WIOA Youth Activities						
Workforce Investment Act Title I Youth (2022) (Indirect)	17.259	AA311023	CA Employment Development Dept.	3,754,026	2,281,808	OC Community Resources
Workforce Investment Act Title I Youth (2023) (Indirect)	17.259	AA411023	CA Employment Development Dept.	1,367,156	743,614	OC Community Resources
Subtotal 17.259				5,121,182	3,025,422	
WIOA Dislocated Worker Formula Grants						
Workforce Investment Act Title I Dislocated Worker (2022) (Indirect)	17.278	AA311023	CA Employment Development Dept.	3,038,555	2,084,142	OC Community Resources
Subtotal 17.278				3,038,555	2,084,142	
Subtotal 17.258, 17.259, and 17.278 (WIOA Cluster)				12,133,411	7,780,132	
Subtotal - U.S. Department of Labor				13,216,586	8,803,743	
U.S. Department of Transportation						
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs						
FAA: Airport Improvement Programs Grant 50, 53, 54, 57, 59 (Direct)	20.106			896,021	-	John Wayne Airport
COVID-19 FAA: American Rescue Plan Act (ARPA) Grant 55 (JWA Expenses) (Direct)	20.106			3,096,861	-	John Wayne Airport
Subtotal 20.106				3,992,882	-	
Highway Planning and Construction						
Highway Bridge Program Silverado Canyon Road No. 55C-0177 - HBP 5955 (096) (Indirect)	20.205	5955 (096)	CA Dept. of Transportation	60,000	-	OC Public Works
OC Bike Loop, Segment O, P, Q - ATPL - 5955 (111) (Indirect)	20.205	5955 (111)	CA Dept. of Transportation	510,995	-	OC Public Works
OC Loop Carbon Canyon Segment D - PRELIMINARY ENGINEERING - ATPL - 5955 (092) (Indirect)	20.205	5955 (092)	CA Dept. of Transportation	78,025	-	OC Public Works
Santa Ana Gardens Bikeway Extension - ATPL - 5955 (114) (Indirect)	20.205	5955 (114)	CA Dept. of Transportation	1,137,890	-	OC Public Works
Subtotal 20.205				1,786,910	-	
State and Community Highway Safety						
2022 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.600	PT23060	CA Office of Traffic Safety	43,720	-	Sheriff-Coroner
2023 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.600	PT24137	CA Office of Traffic Safety	141,438	-	Sheriff-Coroner
Subtotal 20.600				185,158	-	
National Priority Safety Programs						
2022 Drug Prevalence in DUI Drivers (Indirect)	20.616	69A3752130000405DCAM, 69A375230000405DCAM	CA Office of Traffic Safety	30,917	-	Sheriff-Coroner
2023 Drug Prevalence in DUI Drivers (Indirect)	20.616	DI24014	CA Office of Traffic Safety	64,419	-	Sheriff-Coroner
Alcohol and Drug Impaired Driver Vertical Prosecution Program (Indirect)	20.616	DI23004, DI24012	CA Office of Traffic Safety	942,783	-	District Attorney
California Traffic Safety Resource Prosecutor Training Network (Indirect)	20.616	DI24013	CA Office of Traffic Safety	826,564	-	District Attorney
Subtotal 20.616				1,864,683	-	
Subtotal 20.600 and 20.616 (Highway Safety Cluster)				2,049,841	-	

See Notes to Schedule of Expenditures of Federal Awards

County of Orange, California
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2024

Federal Grantor/ Program or Cluster Title (Direct or Indirect) (1)	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number (2)	Pass-Through Entity's Name	Amount Passed-Through to Subrecipient	County Department
Minimum Penalties for Repeat Offenders for Driving While Intoxicated					
2022 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.608	PT23060	CA Office of Traffic Safety	\$ 106,713	\$ - Sheriff-Coroner
2023 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.608	PT24137	CA Office of Traffic Safety	252,825	- Sheriff-Coroner
California Traffic Safety Resource Prosecutor Training Network (Indirect)	20.608	DI23005	CA Office of Traffic Safety	328,312	- District Attorney
Subtotal 20.608				<u>687,850</u>	<u>-</u>
Safe Streets and Roads for All					
Safe Streets and Roads for All (SS4A) US DOT Federal Highway Administration (FHWA) Grant (Direct)	20.939			73,253	- OC Public Works
Subtotal - U.S. Department of Transportation				<u>8,590,736</u>	<u>-</u>
U.S. Department of the Treasury					
Equitable Sharing					
Department of Treasury Forfeiture Program (Direct)	21.016			34,395	- District Attorney
Regional Narcotics Suppression Program (RNSP) Forfeitures - Treasury (Direct)	21.016			1,481	- Sheriff-Coroner
Sheriff's Narcotics Program (SNP) Forfeitures (Direct)	21.016			32,071	- Sheriff-Coroner
Subtotal 21.016				<u>67,947</u>	<u>-</u>
Local Assistance and Tribal Consistency Fund (Direct)	21.032			47,918	47,918 OC Community Resources
Subtotal - U.S. Department of the Treasury				<u>115,865</u>	<u>47,918</u>
Executive Office of the President					
High Intensity Drug Trafficking Areas Program					
High Intensity Drug Trafficking Area RMTF (HIDTA) 2022 (Direct)	95.001			502,136	- Sheriff-Coroner
High Intensity Drug Trafficking Area RMTF (HIDTA) 2023 (Direct)	95.001			876,264	- Sheriff-Coroner
Subtotal - Executive Office of the President				<u>1,378,400</u>	<u>-</u>
Grand Total Schedule of Expenditures of Federal Awards				<u>\$ 973,924,127</u>	<u>\$ 59,964,518</u>

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 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)
 Year Ended June 30, 2024

Federal or State Grantor/Pass-through Entity/County Program Name/Direct or Indirect	Assistance Listing Number (ALN) (3)	Pass-Through Entity's Identifying Number (2)	Grant Awards			Expenditures		
			Federal	State	Total	Federal	State	Total
U.S. Department of Agriculture								
Pass-through the CA Department of Aging:								
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program								
CalFresh Expansion (Indirect)	10.561	CF-2223-22	\$ 65,310	\$ 84,971	\$ 150,281	\$ 23,191	\$ 32,341	\$ 55,532
SNAP*Ed - CalFresh Expansion (Indirect)	10.561	CF-2223-22	169,593	-	169,593	11	-	11
SNAP*Ed - CalFresh Expansion (Indirect)	10.561	CF-2223-22	393,540	-	393,540	29,770	-	29,770
Total U.S. Department of Agriculture			628,443	84,971	713,414	52,972	32,341	85,313
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-A: Elder Abuse Prevention (Indirect)	93.041	AP-2324-22	41,099	-	41,099	41,099	-	41,099
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-2324-22	135,583	-	135,583	134,412	-	134,412
COVID-19 ARP Title VII-A: Ombudsman (Indirect)	93.042	AP-2122-22	25,899	-	25,899	25,899	-	25,899
Subtotal 93.042			161,482	-	161,482	160,311	-	160,311
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services								
Title III-D: Preventive Health (Indirect)	93.043	AP-2324-22	259,262	-	259,262	138,168	-	138,168
COVID-19 ARP Title III-D: Preventive Health (Indirect)	93.043	AP-2122-22	307,791	-	307,791	88,208	-	88,208
Subtotal 93.043			567,053	-	567,053	226,376	-	226,376
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-2324-22	3,247,137	830,853	4,077,990	3,029,425	830,853	3,860,278
COVID-19 ARP Title III-B: Senior Supportive Services (Indirect)	93.044	AP-2122-22	793,619	-	793,619	662,414	-	662,414
Subtotal 93.044			4,040,756	830,853	4,871,609	3,691,839	830,853	4,522,692
Special Programs for the Aging, Title III, Part C, Nutrition Services								
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP-2324-22	4,145,264	626,171	4,771,435	4,145,264	626,171	4,771,435
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP-2324-22	3,754,076	3,576,545	7,330,621	3,578,896	3,576,545	7,155,441
COVID-19 ARP Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP-2122-22	187,292	-	187,292	141,966	-	141,966
COVID-19 ARP Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP-2122-22	739,968	-	739,968	671,979	-	671,979
Subtotal 93.045			8,826,600	4,202,716	13,029,316	8,538,105	4,202,716	12,740,821
National Family Caregiver Support, Title III, Part E								
Title III-E: National Family Caregiver Support Program (Indirect)	93.052	AP-2324-22	1,668,179	-	1,668,179	1,667,883	-	1,667,883
COVID-19 ARP Title III-E: National Family Caregiver Support Program (Indirect)	93.052	AP-2122-22	393,682	-	393,682	280,174	-	280,174
Subtotal 93.052			2,061,861	-	2,061,861	1,948,057	-	1,948,057
Nutrition Services Incentive Program								
Title III-C1: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-2324-22	278,249	-	278,249	278,249	-	278,249
Title III-C2: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP-2324-22	699,668	-	699,668	699,668	-	699,668
Subtotal 93.053			977,917	-	977,917	977,917	-	977,917
Subtotal 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, and 93.053 (Aging Cluster)			16,676,768	5,033,569	21,710,337	15,583,704	5,033,569	20,617,273
Medicare Enrollment Assistance Program								
Medicare Improvements for Patients and Provider Act (MIPPA) (Indirect)	93.071	MI-2223-22	93,825	-	93,825	90,476	-	90,476
Medicare Improvements for Patients and Provider Act (MIPPA) (Indirect)	93.071	MI-2324-22	202,853	-	202,853	120,954	-	120,954
State Health Insurance Assistance Program								
Health Insurance Counseling and Advocacy Program (Indirect)	93.324	HI-2122-22	144,188	376,889	521,077	134,324	375,063	509,387
Health Insurance Counseling and Advocacy Program (Indirect)	93.324	HI-2425-22	181,700	460,431	642,131	48,616	82,216	130,832
Total U.S. Department of Health and Human Services			17,299,334	5,870,889	23,170,223	15,978,074	5,490,848	21,468,922

County of Orange, California
 Supplementary Schedule of Grant Expenditures For Grants Provided by
 the California Health and Human Services Agency, Department of Aging (1)
 Year Ended June 30, 2024

Federal or State Grantor/Pass-through Entity/County Program Name/Direct or Indirect	Assistance Listing Number (ALN) (3)	Pass-Through Entity's Identifying Number (2)	Grant Awards			Expenditures		
			Federal	State	Total	Federal	State	Total
U.S. Department of Labor								
Pass-through the CA Department of Aging:								
Senior Community Service Employment Program								
Title V - SCSEP - Older Adults' Recovery & Resilience (OARR) (Indirect)	17.235	TV-2122-22	\$ 915,397	\$ -	\$ 915,397	\$ 338,609	\$ -	\$ 338,609
Title V - Senior Community Services Employment Program (Indirect)	17.235	TV-2122-22	872,684	-	872,684	744,566	-	744,566
Total U.S. Department of Labor			1,788,081	-	1,788,081	1,083,175	-	1,083,175
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		AP-2324-22	-	136,273	136,273	-	136,068	136,068
Skilled Nursing Facility Quality & Accountability Fund (SNFQAF)		AP-2324-22	-	191,828	191,828	-	191,828	191,828
Public Health L&C Program Fund		AP-2324-22	-	40,385	40,385	-	40,385	40,385
Total CA Health and Human Services Agency			-	368,486	368,486	-	368,281	368,281
Total			\$ 19,715,858	\$ 6,324,346	\$ 26,040,204	\$ 17,114,221	\$ 5,891,470	\$ 23,005,691

(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 ALN.

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the activity of all federal award programs of the County of Orange, California (County), except as noted herein for the year ended June 30, 2024. 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), the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (CalOptima Health), and the Orange County Employees Retirement System (OCERS) (discretely presented component units for CFCOC and CalOptima Health and a fiduciary component unit for OCERS), which expended \$0, \$3,042,208, and \$0, 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. 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).

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. Subrecipient expenditures are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Certain federal program expenditures on the SEFA are converted to and reported on a cash basis due to the claiming requirement of pass-through and federal agencies. These expenditures are presented on a cash basis to be consistent with the amounts previously claimed and reported for reimbursement purposes.

Note 3 - Indirect Cost Rate

With the exception of the following programs, the County has not elected to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

ALN	Program Name
14.231	COVID-19 Emergency Solutions Grant Coronavirus (ESG-CV)
14.267	Continuum of Care (CoC) - Planning Grant
14.267	Coordinated Entry System (CES) Grant
16.575	County Victim Services (XC) Program
16.575	Human Trafficking Advocacy Program
16.575	Unserved/Underserved Victim Advocacy and Outreach Program
16.575	Victim Witness Assistance Program
16.588	Victim Witness Assistance Program
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP)
20.608	California Traffic Safety Resource Prosecutor Training Network
20.616	Alcohol and Drug Impaired Driver Vertical Prosecution Program
20.616	California Traffic Safety Resource Prosecutor Training Network
93.391	COVID-19 National Initiative to Address COVID-19 Health Disparities Among Populations at High-Risk and Underserved, Including Racial and Ethnic Minority Populations and Rural Communities
93.686	HRSA Ending the HIV Epidemics
93.914	Ryan White Minority AIDS Initiative (MAI)
93.914	Ryan White Part A
93.940	Prevention, Testing and Partner Services
93.977	STD Surveillance Network (SSuN)

Note 4 - California Health and Human Services Agency, Department of Aging

The Department of Aging (DOA) considers other closely-related pass through programs by the State to be included with the Aging Cluster, in accordance with 2 CFR 200.1. At the request of the DOA, the schedule of grant expenditures for their grant programs is included as a supplementary schedule on page 15.

Note 5 - Grant Programs Reimbursed in Arrears

The County participates in federal programs where payments are received in arrears because eligibility, as determined by the federal agency, is determined in arrears. The County reports expenditures on the SEFA when the granting agency has approved the project and County incurred the eligible expenditures. The following summarizes the timing of when the amounts were recognized on the SEFA:

Disaster Grants - Public Assistance (Presidentially Declared Disasters), Assistance Listing No. 97.036

Program Title	Expenditures Incurred Prior to FY2024	Expenditures Reported On FY2024 SEFA
COVID-19 FEMA Public Assistance Grant - Disaster DR-4482	\$ 18,058,618	\$ 12,241,337

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of report the auditor issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs, except for 93.566 and 93.323, which were qualified.
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major federal programs:

Name of Federal Program	Federal Financial Assistance Listing
Santa Ana River Mainstem Project - Prado Dam Construction Aging Cluster	12.U01 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053
Public Health Emergency Preparedness	93.069
Epidemiology and Laboratory Capacity for Infectious Disease	93.323
Temporary Assistance for Needy Families	93.558
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566
Foster Care Title IV-E	93.658
Medicaid Cluster	93.778
Block Grants for Prevention and Treatment of Substance Abuse	93.959
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Continuum of Care Program	14.267
Crime Victim Assistance	16.575
Equitable Sharing Program	16.922

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2024-001 Conflict of Interest

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria:

Members of the County’s Board and senior management may, from time to time, be associated, either directly or indirectly, with companies and organizations doing business with the County. The County has written ethics and conflicts of interest policies across various standard operating procedure manuals that codify various state government codes related to ethics and conflict of interest (Contract Policy Manual §2.1-104 Conflict of Interest; Campaign Finance and Ethics Commission Enforcement of County Code of Ethics, Section 7 – Conflict of Interest; and by reference to: California Code, Government Code - GOV § 1090, GOV § 87100, GOV § 87103, GOV § 87105; GOV § 87200; GOV § 87203). These policies require, among other things, annual disclosure of interests or affiliations that could be construed as creating a conflict or the appearance of a conflict of interest with the County. The ethics and conflicts policy requires that no member of the Board, Commissions, candidates, senior management and others can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each board member and member of senior management is required to certify compliance with the ethics and conflicts policy on an annual basis and indicate whether the County does business with a company or organization in which he or she has a material financial interest. When such relationships exist, the matter is required to be fully disclosed, and measures are taken to mitigate any actual or perceived conflict, including requiring Board members to abstain from legislative proceedings, that such transactions be conducted at arm’s length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the County, and in accordance with applicable conflict of interest laws.

Condition:

On August 15, 2024, and August 20, 2024 and January 16, 2025, the County initiated litigation proceedings against a former member of the Board of Supervisors and several nonprofit entities contracted to provide meal services to elderly and disabled Orange County residents utilizing Federal Funds. It was previously discovered through subrecipient monitoring audits initiated by the County that the nonprofit entities failed to perform their obligation under these contracts and based upon the lack of documentation provided from the nonprofits, the County was unable to verify the funds were utilized for their intended purposes.

Some of the nonprofits’ stakeholders have familial relations with the member of the Board of Supervisors, who subsequently resigned as part of a separate settlement process and later pled guilty to a criminal charge related to this matter. The County later learned that a daughter of the former Board of Supervisor was a compensated officer of one of the nonprofits named in the

litigation proceedings. Contracts between the County and this nonprofit were ratified by the Board of Supervisors, with the former Board member not disclosing the immediate family member relationship or conflict of interest. Although the aggregate amount asserted in these lawsuits is significant and the outcome of these lawsuits are still pending, the resolution of these matters do not have a material effect on the financial condition or changes in financial condition of the County.

We also noted the County's various conflict of interest policies do not incorporate standards promulgated by the Office of Management and Budget (OMB) 2 Code of Federal Regulations (CFR) 200.318(c).

Cause:

The County's existing policies and procedures did not reasonably detect known related party transactions and noncompliance with established conflict-of-interest policies.

Effect:

Payments of approximately \$10 million were made to separate legal entities whereby the former Board member voted to approve without disclosing known or appeared conflict of interest. Financial reporting standards require disclosure of significant related-party transactions, including the nature of the relationship, a description of the transactions, dollar amounts of the transaction, and amounts due to or due from the related party at the financial statement date.

Recommendation:

We strongly recommend that conflict-of-interest policies be implemented and followed through on to ensure that the County is practicing acceptable methods of protecting itself from potential prohibited related-party transactions and self-dealing issues. We recommend that the County adopt a formal policy of obtaining written conflict-of-interest statements from all officers, directors, and key employees on an annual basis. These written statements should identify all business relationships and other dealings between the County and its affiliates and such parties. We strongly recommend that this policy be implemented and followed through to ensure that the County is practicing acceptable methods of protecting itself from potential self-dealing issues.

In addition, financial reporting standards require disclosure of significant related-party transactions, including the nature of the relationship, a description of the transactions, dollar amounts of the transactions, and amounts due to or due from the related party at the financial statement date. We recommend that management adopt a formal policy to identify and monitor these types of transactions for proper inclusion of the appropriate financial statement disclosures. Also, such information should be shared with the organization's governing Board to obtain appropriate approval and increase transparency.

Views of Responsible Officials:

Management agrees. See the County's separately issued Corrective Action Plan.

2024-002 Procurement

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

Per the County's Contract Manual, Section 3.4-108 Board Approval - sole source human service contracts that exceed an annual amount of \$75,000 or two (2) year consecutive term, regardless of dollar amount, require Board approval. In addition, per Section 4.5-102 Sole Source Justification - formal justification for sole source procurements is required when competitive bid guidelines require pricing from competing firms. A sole source justification will be prepared by the user department and approved by the department head or designee. The County procurement officer or deputy purchasing agent shall retain a copy of this justification as part of the procurement file.

Per the County's Contract Manual Section 4.5-107 Human Services – Sole Source Requests - (1) Sole Source requests for human service contracts will be guided by the regulations of the funding source (i.e. federal, state). Sole Source requests for any human service contract, as described in Section 3.4 of the manual that exceeds \$75,000 annually will require Board Approval.

In accordance with the County's Sole Source Request Form Instruction Sheet, Section I (3) states the following: "*Prior to execution of a contract*, the County Procurement Officer or designee shall approve ALL sole source requests for commodities that exceed \$250,000 annually, services exceeding \$75,000 annually and all Board contracts despite the amount. Board approval is required for all sole source contracts for commodities that exceed \$250,000 annually and services exceeding \$75,000 annually or a two (2) year consecutive term, regardless of the contract amount. Any amendments to Board approved sole source contracts require a new sole source request form."

Condition:

As a result of our audit procedures over procurement, we noted one (1) contract selected for testwork did not have evidence of approval by the Board of Supervisors, in accordance with the County's Contract Manual. We also noted the related Sole Source Justification Form was approved subsequent to the execution date of the contract, and several of the responses included on the Sole Source Request form were incomplete or vague. We noted the following:

On December 2, 2022, the County executed a human services agreement with a not-for-profit organization (Organization) in the total amount of \$2,000,000, using State and Local Fiscal Recovery Funds (SLFRF) funds (Federal ARPA Funds), for the purpose of providing meal gap services to County residents. Through our review of the executed agreement, we noted that the agreement was not approved by the Board of Supervisors as required by the County Contract Manual, Section 3.4-108. We noted that the agreement included a reference to a Board action item from September 13, 2022, stating that the Board had authorized the allocation of \$6,900,000

in First District State and Local Fiscal Recovery Funds (SLFRF). Per review of the aforementioned Board action item (Item S32F), we noted the funding source for the aforementioned contract was not expressly stated or referenced in the Board action item. We noted Government Code Section 26227 was referenced; however, this Government Code Section applies to the use of General Fund monies, and not federal funds.

In addition, through review of the sole source justification form, we noted that the date of approval of the sole source justification was not prior to the execution of the contract and occurred on December 6, 2022, subsequent to the December 2, 2022 date, the agreement with the Organization was executed. We also noted the responses included in the Sole Source Justification Form were lacking supporting documentation as required by the County Contract Policy Manual, specifically, item 3 of the Sole Source Request Form required the following:

“Your response will include information pertaining to any research that was conducted to establish that the vendor is a sole source, include information pertaining to discussions with other potential suppliers and why they were no longer being considered by the County. “

Documentation as to why this Organization was a sole source was not provided on the Sole Source Request Form.

Cause:

The County did not follow the requirements of the County Contract Manual.

Effect:

An award in the amount of \$2,000,000 for the performance of human services in excess of \$75,000 was not approved by the Board of Supervisors. In addition, the sole source justification request form was approved subsequent to the execution of the agreement with the organization.

Recommendation:

We recommend that the County implement stronger internal controls over procurement to ensure transparency with respect to these transactions, and that all aspects of the County Contract Manual are being adhered to prior to entering into an agreement with a vendor or service provider. This would include ensuring that appropriate levels of approval are obtained and the appropriate documentation is included in the procurement file prior to the execution of an agreement. We also recommend the County clearly document how final vendor selection decisions are maintained in the appropriate vendor files.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-003 Capital Assets at Year-End

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

OC Waste & Recycling (OCWR) should strengthen its policies and procedures to ensure capital assets are properly recorded for year-end reporting.

Condition:

As a result of our audit procedures, we noted OCWR over estimated accrued accounts payable invoices as of June 30, 2024, resulting in the overstatement of the construction in progress account. We noted the construction in progress and accounts payable accounts were overstated by \$4,972,829.

Cause:

OCWR did not complete the comparison of actual accounts payable invoices received subsequent to year end to previously estimated invoices timely to ensure year end capital asset and accounts payable balances were accurate and fairly stated.

Effect:

Adjustments were required to properly state the capital asset and accounts payable balances at year-end.

Recommendation:

We recommend that OCWR management implement internal controls to ensure that the proper analysis and reconciliation of balance sheet accounts are completed timely during the year and for the year-end close.

Views of Responsible Officials and Planned Corrective Action:

Management agrees. See separately issued Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

2024-004 **Program:** Foster Care Title IV-E
Federal Financial Assistance Listing Number: 93.658
Federal Grantor: U.S. Department of Health and Human Services
Pass-Through: California Department of Social Services
Award No. and Year: 2401CAFOST and 2024, 2301CAFOST and 2023

Compliance Requirements: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria:

In accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) 200.332, pass-through entities must comply with the following:

- 2 CFR 200.332(b) – Evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward. This evaluation of risk may include consideration of such factors listed in 2 CFR 200.332(b)(1) through (4).
- 2 CFR 200.332(d)- 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 that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include the information at 2 CFR 200.332(d)(1) through (4).

The California Department of Social Services further clarifies in its County Fiscal Letter No. 23/24-80 that Foster Family Agency (FFA), Group Home, and Short Term Residential Therapeutic Programs (STRTP) are “considered subrecipients and subject to the same audit requirements and require the same degree of oversight as other subrecipients”. Further, while there are some licensing and oversight functions performed by the state over FFAs, group homes, and STRTPs, “counties are still ultimately responsible for review of these audits and their findings, any follow-up to ensure compliance, and any other form of monitoring and oversight required by federal and state laws and regulations.”

2 CFR Section 180.300a, Responsibilities of Participants Regarding Doing Business with Other Persons (and repeated in the California Department of Social Services - County Fiscal Letter No. 21/22 – 115) counties are required to verify that recipients or contracts have not been suspended or debarred by using the federal SAM (Systems for Award Management)

Condition:

The Social Services Agency (SSA) did not maintain documentation that the subrecipient risk assessment or the monitoring activity tracker was reviewed.

Cause:

The SSA department did not document its review of the subrecipient risk assessment or the monitoring activity tracker.

Effect:

The County's control policies were not consistently followed and documented.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of twelve (12) out of fifty-eight (58) subrecipients were sampled, which included seven (7) Foster Family Agency, four (4) Short Term Residential Therapeutic Programs, and one (1) Transitional Housing Placement-Plus Foster Care types. The condition noted above was identified during our procedures related to subrecipient monitoring and was pervasive to the program.

Repeat Findings from Prior Years:

Yes, Finding 2023-001.

Recommendation:

We recommend that the County ensure the review over subrecipient monitoring activity is appropriately documented.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-005 **Program:** Equitable Sharing Program
Federal Financial Assistance Listing Number: 16.922
Federal Grantor: U.S. Department of Justice
Award No. and Year: 2024

Compliance Requirements: Procurement and Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control Over Compliance

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 200.214 of the Uniform Guidance states that the County must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Per 2 CFR Section 180.300, 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 System for Award Management (SAM) Exclusions 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.

Condition:

For three (3) of eight (8) vendors tested, we were not able to verify that the Sheriff Department followed their internal control to ensure the vendor was not suspended or debarred prior to entering the transaction.

Cause:

The Sheriff department did not follow their policy to verify the information described in the condition prior to entering the transactions.

Effect:

The County's policy was not consistently followed, which required verification of suspension or debarment prior to entering the contract. The department subsequently verified that the vendor was not suspended or debarred.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of eight (8) out of thirty-three (33) procurement contracts were tested. The condition noted above was identified during our procedures related to procurement and suspension and debarment.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend that the Sheriff's Department adhere to their procurement procedures requiring the suspension or debarment verification is performed prior to entering into a covered transaction.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-006

Program: Equitable Sharing Program
Federal Financial Assistance Listing Number: 16.922
Federal Grantor: U.S. Department of Justice
Award No. and Year: 2024

Compliance Requirements: Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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 200.430, Compensation – Personal Services, states that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable and properly allocated.

Condition:

During our testing of the Sheriff Department's compliance with allowable costs/cost principles requirements, we noted that thirty-three (33) of forty (40) overtime cost calculations were miscalculated.

Cause:

Equitable sharing funds may not be used for salaries, except under certain provisions outlined in Section V.B.3 of the *Equitable Sharing Guide* including overtime. The Sheriff's Department calculates the allowable portion of personnel salaries using a separate template that contained a formula error which inaccurately calculated the total salaries costs allocated to the program. The Sheriff's department did not have internal controls in place to ensure that the allowed salaries were being calculated correctly. However, the error was detected after the 5th out of 6 months in which these types of costs were allocated to the program.

Effect:

Salary costs were allocated to the program in an incorrect amount.

Questioned Costs:

Our testing resulted in questioned costs in the amount of \$3,550. However, the total questioned costs for the total population was \$23,409.

Context/Sampling:

A sample of forty (40) individuals were selected from a population consisting of (840) payroll transactions.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the Sheriff's Department establish and maintain internal controls to ensure the overtime calculations are being accurately allocated to the program.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-007 **Program:** Santa Ana River Mainstem Project
Federal Financial Assistance Listing Number: 12.U01
Federal Grantor: U.S. Department of Defense
Award No. and Year: 2020

Compliance Requirements: Procurement and Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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 200.214 of the Uniform Guidance states that the County must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Per 2 CFR Section 180.300, 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 System for Award Management (SAM) Exclusions 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 Appendix II to Part 200, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards states that in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain certain provisions, as applicable.

Condition:

During our testing of the Orange County Public Works' (OCPW) compliance with procurement and suspension and debarment requirements, we noted for three (3) of three (3) contracts selected for testing, there was no evidence that the entity was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract, in accordance with County Policy.

In addition, the following information was not provided at the time of the contract award for three (3) of three (3) contracts selected:

- Byrd Anti-Lobbying Amendment
- Debarment and Suspension

Cause:

The OCPW did not follow their policy to verify the information described in the condition prior to entering the transactions and did not consistently ensure that the applicable required provisions were communicated to contractors.

Effect:

The County's control and compliance were not consistently followed, which required verification of suspension and debarment prior to entering the contract. Additionally, the OCPW department did not identify the applicable required provisions of the contract to the contractors at the time of the contract award.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of three (3) of ten (10) procurement contracts were sampled. The condition noted above was identified during our procedures related to procurement and suspension and debarment.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend that the OCPW department adhere to its procurement procedures requiring the suspension and debarment verification is performed prior to entering into a covered transaction. Additionally, we recommend the OCPW modify and strengthen its current policies and procedures to ensure that all applicable required provisions are communicated to contracts in accordance with 2 CFR Appendix II to Part 200.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-008 **Program:** Medicaid Cluster
Federal Financial Assistance Listing Number: 93.778
Federal Grantor: U.S. Department of Health and Human Services
Pass-Through: California Department of Health Care Services
Award No. and Year: Various

Compliance Requirements: Eligibility
Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

Criteria:

Title 42 Chapter IV Subchapter C Part 435 Subpart J Section 435.916, Regularly Scheduled Renewals of Medicaid Eligibility, states that the agency must renew MAGI-based determination of eligibility once every 12 months and no more frequently than once every 12 months. For non-MAGI beneficiaries, entities must renew eligibility at least once every 12 months.

Condition:

During our testing of the Social Service Agency’s (SSA) provisions for eligibility requirements, we noted that for one (1) of sixty (60) samples tested the department did not suspend, or pause, program eligibility despite being over the income limit for MAGI.

Cause:

The SSA department did not ensure the department’s policies and procedures relating to eligibility determination were followed. We noted that when a participant is determined to be over the income limit for MAGI, the participant is placed on a “soft pause” until a determination of eligibility under non-MAGI or Covered California is made. The department had erroneously marked the application as complete rather than placing the account on “soft pause” which caused the case to auto-renew.

Effect:

The County’s control was not consistently followed which caused an inaccurate determination of eligibility.

Questioned Costs:

None noted.

Context/Sampling:

A non-statistical sample of sixty (60) out of all active program participants were selected for testing. The condition noted above was identified during our procedures related to eligibility.

Repeat Finding:

No.

Recommendation:

We recommend the SSA department adhere to their policies and procedures to ensure that participant eligibility determinations and redeterminations are performed accurately.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-009

Program: Aging Cluster

Federal Financial Assistance Listing Number: 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-2122-22 and 2022, AP-2324-22 and 2024

Compliance Requirements: Subrecipient Monitoring

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

Criteria:

Per 2 CFR 200.332, a pass-through entity must monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a pass-through entity must include the information at 2 CFR 200.332(1) through (4).

Condition:

During our testing of the Orange County Community Resources (OCCR) department's provisions for subrecipient monitoring requirements, we noted that for one (1) of four (4) subrecipients tested, onsite monitoring and follow-up on documented deficiencies was not performed timely.

Cause:

Established policies and procedures related to subrecipient monitoring do not specify the timeframe within which monitoring must be completed.

Effect:

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

Question Costs:

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

Context/Sampling:

A non-statistical sample of four (4) out of (10) subrecipients were selected for testing. The condition above was identified during our procedures over subrecipient monitoring.

Repeat Finding:

No.

Recommendation:

We recommend the department review its established policies and procedures to ensure subrecipient monitoring is performed timely.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-010

Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Federal Financial Assistance Listing Number: 97.036

Federal Grantor: U.S. Department of Homeland Security

Pass Through: California Office of Emergency Services

Award No. and Year: 059-00000 and 2019

Compliance Requirements: Reporting

Type of Finding: Significant Deficiency in Internal Control Over Compliance

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.

Condition:

For two (2) out of three (3) project application summary reports tested, the OCPW did not retain evidence to document the individual who reviewed and approved the required reports.

Cause:

The department's procedures did not include documenting the review and approval of the reports prior to submission.

Effect:

Ineffective controls over this area of compliance could result in reports that are inaccurate or incomplete being submitted or disclosed to the granting agency.

Questioned Costs:

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

Context/Sampling:

A non-statistical sample of three (3) of nine (9) Grant Project Application Summary Reports were selecting for testing. The condition above was identified during our procedures over reporting testing.

Repeat Finding:

No.

Recommendation:

We recommend the OCPW department revise its procedures to include evidence to document the individual who reviewed and approved required reports prior to submission.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-011 **Program:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Financial Assistance Listing Number: 97.036
Federal Grantor: U.S. Department of Homeland Security
Pass Through: California Office of Emergency Services
Award No. and Year: 059-00000

Compliance Requirements: Other - Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.510(b) - Schedule of Expenditures of Federal Awards
Type of Finding: Material Weakness in Internal Control Over Compliance

Criteria:

In accordance with the 2024 OMB Compliance Supplement, nonfederal entities must record expenditures on the Schedule of Expenditures of Federal Awards (SEFA) when (1) FEMA has approved the nonfederal entity’s Project, and (2) the nonfederal entity has incurred the eligible expenditures. FEMA’s approval of a subaward is indicated when FEMA obligates the federal share of the eligible project cost to the recipient. Federal awards expended in years subsequent to the fiscal year in which the Project is approved are to be recorded on the nonfederal entity’s SEFA in those subsequent years.

In addition, section 200.303 of the Uniform Guidance states that recipients and subrecipients must establish effective internal control over the federal awards, including controls over the accuracy of program information and expenditure amounts.

Condition:

During our audit procedures performed over the Schedule of Expenditures of Federal Awards and expenditures reported for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) we noted the County reported expenditures totaling \$5,820,436 that should have been reported on the FY 2023 SEFA, as the granting agency approved the expenditures in FY 2023 and the County incurred the expenditures prior to June 30, 2023.

Cause:

The County lacks adequate internal controls to ensure the SEFA is completely and accurately stated.

Effect:

The initial FY 2024 SEFA provided was overstated by \$5,820,436. However, we noted these expenditures would not have had a material effect on the FY 2023 SEFA.

Questioned Costs:

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

Context/Sampling:

No sampling was used. Program expenditures on the SEFA were reconciled to supporting records.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend that the County establish policies and implement internal controls to ensure that expenditures are reported on the SEFA in accordance with program requirements.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-012

Program: Epidemiology and Laboratory Capacity for Infectious Disease

Federal Financial Assistance Listing Number: 93.323

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

Award No. and Year: Various

Compliance Requirements: Procurement and Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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 Appendix II to Part 200, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards states that in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain certain provisions, as applicable.

Condition:

During our testing of the HCA's compliance with procurement and suspension and debarment requirements, we noted for two (2) of four (4) samples tested the following information was not provided at the time of the contract award:

- Clean Air Act and the Federal Water Pollution Control Act

We noted that the tested vendors had been notified of these contract provisions via email. However, there was no certification or acknowledgement obtained from the vendors to accept the contract provisions.

Cause:

The HCA did not follow their policy to verify the information described in the condition prior to entering the transactions and did not consistently ensure that the applicable required provisions were communicated to contractors at the time the contract was entered into.

Effect:

The HCA department did not identify the applicable required provisions of the contract to the contractors at the time of the contract award.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of four (4) of eleven (11) procurement contracts were sampled. The condition above was identified during our procedures over procurement and suspension and debarment.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the HCA department modify and strengthen its current policies and procedures to ensure that all applicable required provisions are communicated to contracts in accordance with 2 CFR Appendix II to Part 200.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-013 **Program:** Epidemiology and Laboratory Capacity for Infectious Disease
Federal Financial Assistance Listing Number: 93.323
Federal Grantor: U.S. Department of Health and Human Services
Award No. and Year: Various

Compliance Requirements: Equipment and Real Property Management

Type of Finding: Material Weakness in Internal Control Over Compliance and Material Instance of Noncompliance

Criteria:

In accordance with 2 CFR section 200.313(d)(1), property records must be maintained 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, the acquisition date, cost of the property, percentage of Federal participation in the 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 sale price of the property.

Condition:

Property records were not maintained in accordance with Uniform Guidance for all property and equipment purchased. As a result, we were unable to (1) test whether there were any differences between the physical inventory and equipment records were resolved and (2) sample equipment from the property records and physically inspect the equipment and determine whether the equipment is appropriately safeguarded and maintained.

Cause:

The HCA department did not have adequate internal controls to ensure its property records included all the requirements under Uniform Guidance or properly identify all property and equipment purchased with federal funds.

Effect:

Property records were not adequately maintained.

Questioned Costs:

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

Context/Sampling:

No sampling was used. We examined the department's property records in total.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the HCA department enhance internal controls to ensure its property records include all the requirements under Uniform Guidance and properly identify all property and equipment purchased with federal funds.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-014

Program: Refugee and Entrant Assistance State/Replacement Designee Administered Programs

Federal Financial Assistance Listing Number: 93.566

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

Award No. and Year: Various

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

Type of Finding: Material Deficiency in Internal Control Over Compliance and Material Instance of Noncompliance

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.

Per Title 45 Subtitle B Chapter IV Part 400 Subpart E Section 400.53, *General Eligibility Requirement*, states that eligibility for refugee cash assistance is limited to those who:

- (1) Are new arrivals who have resided in the U.S. less than the RCA eligibility period determined by the Office of Refugee Resettlement (ORR) Director in accordance with Section 400.211;
- (2) Are ineligible for TANF, SSI, OAA, AB, APTDD, and AABD programs;
- (3) Meet immigration status and identification requirements in Subpart D (*Immigration Status and Identification of Refugees*);
- (4) Are not full-time students in institutions of higher education, as defined by the ORR.

Per Title 45 Subtitle B Chapter IV Part 400 Subpart E Section 400.66, *Eligibility and payment levels in a publicly-administered RCA program*, states that in administering a publicly-administered refugee cash assistance program, the agency must operate its refugee cash assistance program consistent with the provisions of its TANF program including the determination of initial and on-going eligibility.

Condition:

During our testing of the SSA's compliance with eligibility and allowable cost/cost principles, we noted the following:

For two (2) out of forty (40) cases selected for testing, the participants' country of origin did not meet the general eligibility requirements of the program.

For two (2) out of forty (40) cases selected for testing, participants received cash assistance outside of the eligibility period.

For six (6) out of forty (40) cases selected for testing, the SSA did not retain the required documentation to evidence eligibility under the program.

Cause:

The SSA did not follow their policies to verify and withhold the information described in the condition and did not consistently ensure that participants were eligible.

Effect:

Benefits were provided to ineligible participants.

Questioned Costs:

Questioned costs for cases tested in which we determined to be ineligible to receive cash assistance or cases in which there was insufficient documentation to substantiate the eligibility determination was \$7,578.

Context/Sampling:

A nonstatistical sample of forty (40) out of all active program participants were sampled. For ineligible or unsupported cases we have projected the amount of questioned costs against the remaining population for a total of \$460,581. The condition above was identified during our procedures over eligibility, activities allowed or unallowed, and allowable costs/cost principles testing.

Repeat Finding:

No.

Recommendation:

We recommend that the SSA department strengthen its internal controls to ensure that program eligibility criteria are properly supported and retained in case files.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

2024-015

Program: Medicaid Cluster, Foster Care Title IV-E, Temporary Assistance for Needy Families, Refugee and Entrant Assistance State/Replacement Designee Administered Programs

Federal Financial Assistance Listing Number: 93.778, 93.658, 93.558, 93.566

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

Award No. and Year: Various

Compliance Requirements: Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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 200.413(c)(1), Direct Costs, state that direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs.

2 CFR Section 200.416(b), Cost Allocation Plans and Indirect Cost Proposals, states that individual departments typically charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate proposal for each operating department is usually necessary to claim indirect costs under Federal awards. Indirect costs include (1) the indirect costs originating in each operating department of the State, local government, or Indian Tribe carrying out Federal awards; and (2) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Condition:

During our testing of pooled costs claimed through County Expense Claims, we noted that one (1) of forty (40) transactions was not a department cost that should have been included in the pooled cost. This pooled allocation affected the following major programs of SSA: 93.778, 96.658, 93.558, and 93.566.

Cause:

A journal entry was posted to the SSA Department's general ledger by another County Department without SSA's review/approval for allowable activities. The other County department inaccurately posted unallowable costs to the SSA department's general ledger and SSA did not follow their procedures to ensure allowable costs were properly reported as a cost that can be specifically assigned to activities of the major programs identified in the County's expense claims.

Effect:

Unallowable costs were included in the direct cost pool to be further allocated to the federal funded major programs.

Questioned Costs:

Questioned costs identified amounted to \$50,971. The allocation of questioned costs to the major programs tested were as follows:

- Medicaid Cluster (93.558) - \$16,329
- Foster Care Title IV-E (93.658) - \$17,009
- Temporary Assistance for Needy Families (93.778) - \$17,633

The allocation to the Refugee and Entrant Assistance State/Replacement Designee Programs (93.566) was of a trivial amount.

Context/Sampling:

A sample of forty (40) amounting to \$10,365,065 out of all costs included in the indirect cost pool of the County expense claims were selected for testing.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the SSA enhance its procedures to ensure that allocated pooled costs have direct benefit to the department's various federally funded programs.

Views of Responsible Officials:

Management agrees. See separately issued Corrective Action Plan.

Financial Statement Findings

None reported.

Federal Awards Findings

Finding No.	Program	FALN	Compliance Requirements	Status of Corrective Action
2023-001	Foster Care	93.658	Subrecipient Monitoring	Partially Implemented. See Finding 2024-004
2023-002	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Procurement and Suspension and Debarment	OCCR - Not Implemented OCPW - Not Implemented
2023-003	Covid-19 Activities to Support State, Tribal, Local and Territorial (STLT) health Department Response to Public Health and Healthcare Crisis	93.391	Reporting	Implemented
2023-004	Covid-19 Activities to Support State, Tribal, Local and Territorial (STLT) health Department Response to Public Health and Healthcare Crisis	93.391	Allowable Activities and Allowable Costs and Cost Principles	Implemented

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March 31, 2025

**SUBJECT: CORRECTIVE ACTION PLAN FOR COUNTY OF ORANGE, CALIFORNIA
FY 2023-24 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: Michelle Aguirre, Interim County Executive Officer
Kimberly Engelby, Chief Financial Officer
Andrew Hamilton, Auditor-Controller
Salvador Lopez, Chief Deputy Auditor-Controller
Megan Vu, A-C Director, Central Accounting Operations
Howard Thomas, A-C Director, Satellite Accounting Operations
Margie Pham, A-C Accounting and Reporting Manager
Cindy Wong, HCA Accounting Manager
Bill Malohn, OCCR Accounting Manager
Paul Villanueva, OCPW Accounting Manager
Tiffany Thibeault, SSA Accounting Manager
Fatima Son, OCWR Accounting Manager
Noma Crook, Business Services Deputy Director, OC Sheriff's Department

County of Orange, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II – Financial Statement Findings

2024-001 Conflict of Interest

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria:

Members of the County’s Board and senior management may, from time to time, be associated, either directly or indirectly, with companies and organizations doing business with the County. The County has written ethics and conflicts of interest policies across various standard operating procedure manuals that codify various state government codes related to ethics and conflict of interest (Contract Policy Manual §2.1-104 Conflict of Interest; Campaign Finance and Ethics Commission Enforcement of County Code of Ethics, Section 7 – Conflict of Interest; and by reference to: California Code, Government Code - GOV § 1090, GOV § 87100, GOV § 87103, GOV § 87105; GOV § 87200; GOV § 87203). These policies require, among other things, annual disclosure of interests or affiliations that could be construed as creating a conflict or the appearance of a conflict of interest with the County. The ethics and conflicts policy requires that no member of the Board, Commissions, candidates, senior management and others can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each board member and member of senior management is required to certify compliance with the ethics and conflicts policy on an annual basis and indicate whether the County does business with a company or organization in which he or she has a material financial interest. When such relationships exist, the matter is required to be fully disclosed, and measures are taken to mitigate any actual or perceived conflict, including requiring Board members to abstain from legislative proceedings, that such transactions be conducted at arm’s length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the County, and in accordance with applicable conflict of interest laws.

Condition:

On August 15, 2024, and August 20, 2024 and January 16, 2025, the County initiated litigation proceedings against a former member of the Board of Supervisors and several nonprofit entities contracted to provide meal services to elderly and disabled Orange County residents utilizing Federal Funds. It was previously discovered through subrecipient monitoring audits initiated by the County that the nonprofit entities failed to perform their obligation under these contracts and based upon the lack of documentation provided from the nonprofits, the County was unable to verify the funds were utilized for their intended purposes.

Some of the nonprofits’ stakeholders have familial relations with the member of the Board of Supervisors, who subsequently resigned as part of a separate settlement process and later pled guilty to a criminal charge related to this matter. The County later learned that a daughter of the former Board of Supervisor was a compensated officer of one of the nonprofits named in the litigation proceedings. Contracts between the County and this nonprofit were ratified by the

County of Orange, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II – Financial Statement Findings

2024-001 (Continued)

Board of Supervisors, with the former Board member not disclosing the immediate family member relationship or conflict of interest. Although the aggregate amount asserted in these lawsuits is significant and the outcome of these lawsuits are still pending, the resolution of these matters do not have a material effect on the financial condition or changes in financial condition of the County.

We also noted the County's various conflict of interest policies do not incorporate standards promulgated by the Office of Management and Budget (OMB) 2 Code of Federal Regulations (CFR) 200.318(c).

Cause:

The County's existing policies and procedures did not reasonably detect known related party transactions and noncompliance with established conflict-of-interest policies.

Effect:

Payments of approximately \$10 million were made to separate legal entities whereby the former Board member voted to approve without disclosing known or appeared conflict of interest. Financial reporting standards require disclosure of significant related-party transactions, including the nature of the relationship, a description of the transactions, dollar amounts of the transaction, and amounts due to or due from the related party at the financial statement date.

Recommendation:

We strongly recommend that conflict-of-interest policies be implemented and followed through on to ensure that the County is practicing acceptable methods of protecting itself from potential prohibited related-party transactions and self-dealing issues. We recommend that the County adopt a formal policy of obtaining written conflict-of-interest statements from all officers, directors, and key employees on an annual basis. These written statements should identify all business relationships and other dealings between the County and its affiliates and such parties. We strongly recommend that this policy be implemented and followed through to ensure that the County is practicing acceptable methods of protecting itself from potential self-dealing issues.

In addition, financial reporting standards require disclosure of significant related-party transactions, including the nature of the relationship, a description of the transactions, dollar amounts of the transactions, and amounts due to or due from the related party at the financial statement date. We recommend that management adopt a formal policy to identify and monitor these types of transactions for proper inclusion of the appropriate financial statement disclosures.

County of Orange, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II – Financial Statement Findings

2024-001 (Continued)

Also, such information should be shared with the organization’s governing Board to obtain appropriate approval and increase transparency.

Management Response and Corrective Action:

1. Person Responsible: Maria Agrusa, CPO

2. Corrective Action Plan:

Management agrees and has implemented the recommended corrective measures.

The County has adopted and maintains a policy entitled, “Conflict of Interest Code Disclosure and Filing Policy,” which implements the requirements of Government Code section 87200 and 87203. Under the policy, designated employees, including the Board of Supervisors, are required to file annual Statements of Economic Interest, also known as Form 700, which is designed to provide information to the public about an official’s personal financial interests.

The Board of Supervisors has also adopted rules of procedures, including Rule of Procedure 37, entitled “Conflicts of Interest,” which states that members “shall not be financially interested in any contract, purchasers at any sale or vendors at any purchase made by them in their official capacity,” and provides that any member with a disqualifying conflict of interest must publicly state the nature of the conflict in sufficient detail to be understood by the public; recuse himself/herself from discussing and voting on the item; and leave the room until the item has concluded, unless it is on the consent calendar.

The Board of Supervisors has also adopted policies to specifically address the conditions identified in this finding. These policies implement new laws that were enacted following the events described in the condition. Assembly Bill No. 3130 (2024) added Government Code section 25043, which requires a member of the Board of Supervisors to disclose a known family relationship with an officer or employee of a nonprofit entity before the Board of Supervisors appropriates money to that nonprofit entity.

Assembly Bill No. 2946 (2024) added Government Code section 26227.5, which states that a member of the Orange County Board of Supervisors shall not award district discretionary funds to a community organization or a nonprofit organization unless the Board approves, by a majority vote, that award, and requires that posting on the internet of log of information regarding the expenditure of such district discretionary funds at the end of each quarter.

On September 24, 2024 the Board of Supervisors amended its Contract Policy Manual, which governs the County’s procurement activities, to implement both Assembly Bill Nos. 2946 and

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Section II – Financial Statement Findings

2024-01 (Continued)

3130. In addition, the Contract Policy Manual was amended to require additional due diligence to be conducted prior to approving a contractor’s proposed use of a subcontractor and requires with respect to Board approved contracts that the Board approve any subsequent contractor requests to use subcontractors. The amended Contract Policy Manual also added provisions requiring monitoring of compliance with regulations such as the Uniform Guidance, which includes 2 Code of Federal Regulations (CFR) 200.318(c).

3. Anticipated Implementation Date: Fully implemented as of September 2024

2024-002 Procurement

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

Per the County’s Contract Manual, Section 3.4-108 Board Approval - sole source human service contracts that exceed an annual amount of \$75,000 or two (2) year consecutive term, regardless of dollar amount, require Board approval. In addition, per Section 4.5-102 Sole Source Justification - formal justification for sole source procurements is required when competitive bid guidelines require pricing from competing firms. A sole source justification will be prepared by the user department and approved by the department head or designee. The County procurement officer or deputy purchasing agent shall retain a copy of this justification as part of the procurement file.

Per the County’s Contract Manual Section 4.5-107 Human Services – Sole Source Requests - (1) Sole Source requests for human service contracts will be guided by the regulations of the funding source (i.e. federal, state). Sole Source requests for any human service contract, as described in Section 3.4 of the manual that exceeds \$75,000 annually will require Board Approval.

In accordance with the County’s Sole Source Request Form Instruction Sheet, Section I (3) states the following: “*Prior to execution of a contract, the County Procurement Officer or designee shall approve ALL sole source requests for commodities that exceed \$250,000 annually, services exceeding \$75,000 annually and all Board contracts despite the amount. Board approval is required for all sole source contracts for commodities that exceed \$250,000 annually and services exceeding \$75,000 annually or a two (2) year consecutive term, regardless of the contract amount. Any amendments to Board approved sole source contracts require a new sole source request form.*”

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Section II – Financial Statement Findings

2024-002 (Continued)

Condition:

As a result of our audit procedures over procurement, we noted one (1) contract selected for testwork did not have evidence of approval by the Board of Supervisors, in accordance with the County’s Contract Manual. We also noted the related Sole Source Justification Form was approved subsequent to the execution date of the contract, and several of the responses included on the Sole Source Request form were incomplete or vague. We noted the following:

On December 2, 2022, the County executed a human services agreement with a not-for-profit organization (Organization) in the total amount of \$2,000,000, using State and Local Fiscal Recovery Funds (SLFRF) funds (Federal ARPA Funds), for the purpose of providing meal gap services to County residents. Through our review of the executed agreement, we noted that the agreement was not approved by the Board of Supervisors as required by the County Contract Manual, Section 3.4-108. We noted that the agreement included a reference to a Board action item from September 13, 2022, stating that the Board had authorized the allocation of \$6,900,000 in First District State and Local Fiscal Recovery Funds (SLFRF). Per review of the aforementioned Board action item (Item S32F), we noted the funding source for the aforementioned contract was not expressly stated or referenced in the Board action item. We noted Government Code Section 26227 was referenced; however, this Government Code Section applies to the use of General Fund monies, and not federal funds.

In addition, through review of the sole source justification form, we noted that the date of approval of the sole source justification was not prior to the execution of the contract and occurred on December 6, 2022, subsequent to the December 2, 2022 date, the agreement with the Organization was executed. We also noted the responses included in the Sole Source Justification Form were lacking supporting documentation as required by the County Contract Policy Manual, specifically, item 3 of the Sole Source Request Form required the following:

“Your response will include information pertaining to any research that was conducted to establish that the vendor is a sole source, include information pertaining to discussions with other potential suppliers and why they were no longer being considered by the County. “

Documentation as to why this Organization was a sole source was not provided on the Sole Source Request Form.

Cause:

The County did not follow the requirements of the County Contract Manual.

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Section II – Financial Statement Findings

2024-002 (Continued)

Effect:

An award in the amount of \$2,000,000 for the performance of human services in excess of \$75,000 was not approved by the Board of Supervisors. In addition, the sole source justification request form was approved subsequent to the execution of the agreement with the organization.

Recommendation:

We recommend that the County implement stronger internal controls over procurement to ensure transparency with respect to these transactions, and that all aspects of the County Contract Manual are being adhered to prior to entering into an agreement with a vendor or service provider. This would include ensuring that appropriate levels of approval are obtained and the appropriate documentation is included in the procurement file prior to the execution of an agreement. We also recommend the County clearly document how final vendor selection decisions are maintained in the appropriate vendor files.

Management Response and Corrective Action:

1. Person Responsible: Maria Agrusa, CPO
2. Corrective Action Plan:
Management agrees and has implemented the recommended corrective measures.

As stated above in the response for Finding 2024-001, Assembly Bill No. 2946 (2024) added Government Code section 26227.5, which states that a member of the Orange County Board of Supervisors shall not award district discretionary funds to a community organization or a nonprofit organization unless the Board approves, by a majority vote, that award, and requires that posting on the internet of log of information regarding the expenditure of such district discretionary funds at the end of each quarter.

On September 24, 2024 the Board of Supervisors amended its Contract Policy Manual, which governs the County's procurement activities, to implement Assembly Bill No. 2946. In addition, the Contract Policy Manual was amended to require additional due diligence to be conducted requiring Board approval for noncompetitive procurements initiated by individual Members of the Board of Supervisors or their staff.

3. Anticipated Implementation Date: Fully implemented as of September 2024

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Section II – Financial Statement Findings

2024-003 Capital Assets at Year-End

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

OC Waste & Recycling (OCWR) should strengthen its policies and procedures to ensure capital assets are properly recorded for year-end reporting.

Condition:

As a result of our audit procedures, we noted OCWR over estimated accrued accounts payable invoices as of June 30, 2024, resulting in the overstatement of the construction in progress account. We noted the construction in progress and accounts payable accounts were overstated by \$4,972,829.

Cause:

OCWR did not complete the comparison of actual accounts payable invoices received subsequent to year end to previously estimated invoices timely to ensure year end capital asset and accounts payable balances were accurate and fairly stated.

Effect:

Adjustments were required to properly state the capital asset and accounts payable balances at year-end.

Recommendation:

We recommend that OCWR management implement internal controls to ensure that the proper analysis and reconciliation of balance sheet accounts are completed timely during the year and for the year-end close.

Management Response and Corrective Action:

1. Person Responsible: Fatima Son
2. Corrective Action Plan:
Concur. OC Waste and Recycling will enhance its procedures and training for analysis and reconciliation of balance sheet accounts to ensure capital assets are accurate and fairly stated at year end.

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Section III – Federal Award Findings and Questioned Costs

2024-003 (Continued)

3. Anticipated Implementation Date: March 2025

2024-004

Program: Foster Care Title IV-E
Federal Financial Assistance Listing Number: 93.658
Federal Grantor: U.S. Department of Health and Human Services
Pass-Through: California Department of Social Services
Award No. and Year: 2401CAFOST and 2024, 2301CAFOST and 2023

Compliance Requirements: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria:

In accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) 200.332, pass-through entities must comply with the following:

- 2 CFR 200.332(b) – Evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward. This evaluation of risk may include consideration of such factors listed in 2 CFR 200.332(b)(1) through (4).
- 2 CFR 200.332(d)- 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 that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include the information at 2 CFR 200.332(d)(1) through (4).

The California Department of Social Services further clarifies in its County Fiscal Letter No. 23/24-80 that Foster Family Agency (FFA), Group Home, and Short Term Residential Therapeutic Programs (STRTP) are “considered subrecipients and subject to the same audit requirements and require the same degree of oversight as other subrecipients”. Further, while there are some licensing and oversight functions performed by the state over FFAs, group homes, and STRTPs, “counties are still ultimately responsible for review of these audits and their findings, any follow-up to ensure compliance, and any other form of monitoring and oversight required by federal and state laws and regulations.”

2 CFR Section 180.300a, Responsibilities of Participants Regarding Doing Business with Other Persons (and repeated in the California Department of Social Services - County Fiscal Letter No. 21/22 – 115) counties are required to verify that recipients or contracts have not been suspended or debarred by using the federal SAM (Systems for Award Management)

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Section III – Federal Award Findings and Questioned Costs

2024-004 (Continued)

Condition:

The Social Services Agency (SSA) did not maintain documentation that the subrecipient risk assessment or the monitoring activity tracker was reviewed.

Cause:

The SSA department did not document its review of the subrecipient risk assessment or the monitoring activity tracker.

Effect:

The County's control policies were not consistently followed and documented.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of twelve (12) out of fifty-eight (58) subrecipients were sampled, which included seven (7) Foster Family Agency, four (4) Short Term Residential Therapeutic Programs, and one (1) Transitional Housing Placement-Plus Foster Care types. The condition noted above was identified during our procedures related to subrecipient monitoring and was pervasive to the program.

Repeat Findings from Prior Years:

Yes, Finding 2023-001.

Recommendation:

We recommend that the County ensure the review over subrecipient monitoring activity is appropriately documented.

Management Response and Corrective Action:

1. Person Responsible: Karen Vu, Procurement Contract Manager, Senior

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Section III – Federal Award Findings and Questioned Costs

2024-004 (Continued)

2. Corrective Action Plan:

An activity tracker spreadsheet (check list) was developed and implemented in September 2023 to ensure timely completion of subrecipient monitoring activities. The check list is not a requirement of 2 CFR 200.332, the checklist and risk assessment form were shared with the Auditors during prior year's Single Audit, and the auditors did not raise any concerns related to either during the audit. The subrecipient risk assessment and the monitoring activity tracker is reviewed by supervisors; however, review was not documented. We will accept the auditor's recommendation and add a signature line to the risk assessment and activity tracker to document review by a supervisor.

3. Anticipated Implementation Date: April 2025

2024-005

Program: Equitable Sharing Program

Federal Financial Assistance Listing Number: 16.922

Federal Grantor: U.S. Department of Justice

Award No. and Year: 2024

Compliance Requirements: Procurement and Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control Over Compliance

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 200.214 of the Uniform Guidance states that the County must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Per 2 CFR Section 180.300, 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

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2024-005 (Continued)

System for Award Management (SAM) Exclusions 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.

Condition:

For three (3) of eight (8) vendors tested, we were not able to verify that the Sheriff Department followed their internal control to ensure the vendor was not suspended or debarred prior to entering the transaction.

Cause:

The Sheriff department did not follow their policy to verify the information described in the condition prior to entering the transactions.

Effect:

The County's policy was not consistently followed, which required verification of suspension or debarment prior to entering the contract. The department subsequently verified that the vendor was not suspended or debarred.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of eight (8) out of thirty-three (33) procurement contracts were tested. The condition noted above was identified during our procedures related to procurement and suspension and debarment.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend that the Sheriff's Department adhere to their procurement procedures requiring

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Section III – Federal Award Findings and Questioned Costs

2024-005 (Continued)

the suspension or debarment verification is performed prior to entering into a covered transaction.

Management Response and Corrective Action:

1. Person Responsible: Yvette Torres, Procurement Contract Manager, Senior
2. Corrective Action Plan:

The Sheriff's Department acknowledges the audit finding and is committed to implementing a robust due diligence process to ensure compliance with procurement and suspension/debarment regulations. The following corrective actions will be taken:

 - a. Policy Reinforcement and SAM.gov Checks:

The department will reinforce adherence to existing procurement procedures that require suspension or debarment verification prior to entering into any contract by requiring all procurement staff to verify vendor status on the System for Award Management (SAM.gov) before executing any contracts. Proof of verification including the applicable date printed will be retained and included in the contract file to ensure compliance with federal regulations and internal policies. Additionally, as an added layer to ensure compliance with all federal, state and local laws, the County Procurement Office has required that all Deputy Purchasing Agents (DPA's) conduct a Due Diligence check on all County Contracts which includes a SAM.gov check.
 - b. Refresher Training:

All procurement staff will participate in refresher training to reinforce the importance of compliance with 2 CFR section 180.300. This training will cover proper procedures for conducting suspension and debarment checks using SAM.gov and emphasize the documentation requirements to maintain compliance.
 - c. Enhanced Internal Controls and Monitoring

A secondary review process will be implemented, requiring a supervisor or manager to verify the suspension or debarment check documentation prior to contract execution. Additionally, periodic internal audits will be conducted to ensure compliance with federal regulations and internal policies. Any identified discrepancies will be promptly addressed with corrective actions to maintain robust internal controls.
3. Anticipated Implementation Date: April 2025

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2024-006

Program: Equitable Sharing Program
Federal Financial Assistance Listing Number: 16.922
Federal Grantor: U.S. Department of Justice
Award No. and Year: 2024

Compliance Requirements: Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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 200.430, Compensation – Personal Services, states that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable and properly allocated.

Condition:

During our testing of the Sheriff Department’s compliance with allowable costs/cost principles requirements, we noted that thirty-three (33) of forty (40) overtime cost calculations were miscalculated.

Cause:

Equitable sharing funds may not be used for salaries, except under certain provisions outlined in Section V.B.3 of the *Equitable Sharing Guide* including overtime. The Sheriff’s Department calculates the allowable portion of personnel salaries using a separate template that contained a formula error which inaccurately calculated the total salaries costs allocated to the program. The Sheriff’s department did not have internal controls in place to ensure that the allowed salaries were being calculated correctly. However, the error was detected after the 5th out of 6 months in which these types of costs were allocated to the program.

Effect:

Salary costs were allocated to the program in an incorrect amount.

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Section III – Federal Award Findings and Questioned Costs

2024-006 (Continued)

Questioned Costs:

Our testing resulted in questioned costs in the amount of \$3,550. However, the total questioned costs for the total population was \$23,409.

Context/Sampling:

A sample of forty (40) individuals were selected from a population consisting of (840) payroll transactions.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the Sheriff's Department establish and maintain internal controls to ensure the overtime calculations are being accurately allocated to the program.

Management Response and Corrective Action:

1. Person Responsible: Tiffany Mui, Fiscal Administrator
2. Corrective Action Plan:
 - a. Staff corrected the formula error in the Overtime (OT) calculation workpapers. Detailed workpapers, including formulas, will be reviewed by Fiscal Administrator.
 - b. Updated desk procedures for Sheriff's Narcotics task will include updated OT calculation change. Procedures will be reviewed and initialed by Fiscal Administrator and Sr. Fiscal Manager.
3. Anticipated Implementation date: March 2025

2024-007

Program: Santa Ana River Mainstem Project
Federal Financial Assistance Listing Number: 12.U01
Federal Grantor: U.S. Department of Defense
Award No. and Year: 2020

Compliance Requirements: Procurement and Suspension and Debarment

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Section III – Federal Award Findings and Questioned Costs

2024-007 (Continued)

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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 200.214 of the Uniform Guidance states that the County must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Per 2 CFR Section 180.300, 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 System for Award Management (SAM) Exclusions 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 Appendix II to Part 200, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards states that in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain certain provisions, as applicable.

Condition:

During our testing of the Orange County Public Works' (OCPW) compliance with procurement and suspension and debarment requirements, we noted for three (3) of three (3) contracts selected for testing, there was no evidence that the entity was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract, in accordance with County Policy.

In addition, the following information was not provided at the time of the contract award for three (3) of three (3) contracts selected:

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Section III – Federal Award Findings and Questioned Costs

2024-007 (Continued)

- Byrd Anti-Lobbying Amendment
- Debarment and Suspension

Cause:

The OCPW did not follow their policy to verify the information described in the condition prior to entering the transactions and did not consistently ensure that the applicable required provisions were communicated to contractors.

Effect:

The County's control and compliance were not consistently followed, which required verification of suspension and debarment prior to entering the contract. Additionally, the OCPW department did not identify the applicable required provisions of the contract to the contractors at the time of the contract award.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of three (3) of ten (10) procurement contracts were sampled. The condition noted above was identified during our procedures related to procurement and suspension and debarment.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend that the OCPW department adhere to its procurement procedures requiring the suspension and debarment verification is performed prior to entering into a covered transaction. Additionally, we recommend the OCPW modify and strengthen its current policies and procedures to ensure that all applicable required provisions are communicated to contracts in accordance with 2 CFR Appendix II to Part 200.

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2024-007 (Continued)

Management Response and Corrective Action:

1. Person Responsible: Joe Sly
2. Corrective Action Plan:
OCPW will send a memo to impacted vendors requesting a contract modification to include the federal requirement
3. Anticipated Implementation date: September 15, 2025

2024-008

Program: Medicaid Cluster

Federal Financial Assistance Listing Number: 93.778

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

Pass-Through: California Department of Health Care Services

Award No. and Year: Various

Compliance Requirements: Eligibility

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

Criteria:

Title 42 Chapter IV Subchapter C Part 435 Subpart J Section 435.916, Regularly Scheduled Renewals of Medicaid Eligibility, states that the agency must renew MAGI-based determination of eligibility once every 12 months and no more frequently than once every 12 months. For non-MAGI beneficiaries, entities must renew eligibility at least once every 12 months.

Condition:

During our testing of the Social Service Agency's (SSA) provisions for eligibility requirements, we noted that for one (1) of sixty (60) samples tested the department did not suspend, or pause, program eligibility despite being over the income limit for MAGI.

Cause:

The SSA department did not ensure the department's policies and procedures relating to eligibility determination were followed. We noted that when a participant is determined to be over the income limit for MAGI, the participant is placed on a "soft pause" until a determination of

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2024-008 (Continued)

eligibility under non-MAGI or Covered California is made. The department had erroneously marked the application as complete rather than placing the account on “soft pause” which caused the case to auto-renew.

Effect:

The County’s control was not consistently followed which caused an inaccurate determination of eligibility.

Questioned Costs:

None noted.

Context/Sampling:

A non-statistical sample of sixty (60) out of all active program participants were selected for testing. The condition noted above was identified during our procedures related to eligibility.

Repeat Finding:

No.

Recommendation:

We recommend the SSA department adhere to their policies and procedures to ensure that participant eligibility determinations and redeterminations are performed accurately.

Management Response and Corrective Action:

1. Person Responsible: Michael Ueda, Human Services Manager and Yesenia Zapien, Human Service Manager
2. Corrective Action Plan:
SSA will add administrative controls to track cases in soft pause to ensure eligibility determinations and redeterminations are performed accurately. Additionally, staff will be reminded of the policy and procedures surrounding soft pause.
3. Anticipated Implementation date: May 2025

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Section III – Federal Award Findings and Questioned Costs

2024-009

Program: Aging Cluster

Federal Financial Assistance Listing Number: 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-2122-22 and 2022, AP-2324-22 and 2024

Compliance Requirements: Subrecipient Monitoring

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

Criteria:

Per 2 CFR 200.332, a pass-through entity must monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a pass-through entity must include the information at 2 CFR 200.332(1) through (4).

Condition:

During our testing of the Orange County Community Resources (OCCR) department's provisions for subrecipient monitoring requirements, we noted that for one (1) of four (4) subrecipients tested, onsite monitoring and follow-up on documented deficiencies was not performed timely.

Cause:

Established policies and procedures related to subrecipient monitoring do not specify the timeframe within which monitoring must be completed.

Effect:

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

Question Costs:

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

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Section III – Federal Award Findings and Questioned Costs

2024-009 (Continued)

Context/Sampling:

A non-statistical sample of four (4) out of (10) subrecipients were selected for testing. The condition above was identified during our procedures over subrecipient monitoring.

Repeat Finding:

No.

Recommendation:

We recommend the department review its established policies and procedures to ensure subrecipient monitoring is performed timely.

Management Response and Corrective Action:

1. Person Responsible: Elsa Rivera, Compliance & Monitoring Manager
2. Corrective Action Plan:
Concur. Onsite monitoring and follow-up on documented deficiencies have been performed and/or scheduled in compliance with 2 CFR § 200.332. CFR § 200.332 provides guidance on subrecipient monitoring but does not specify exact timelines for when monitoring must be completed. We provided documentation to demonstrate that we are meeting monitoring requirements. Also, we will follow through with the monitoring activities that have already been scheduled for the subrecipient in question. We will review our departmental subrecipient monitoring practices to ensure compliance with County policy.
3. Anticipated Implementation date: June 30, 2025

2024-010

Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Financial Assistance Listing Number: 97.036
Federal Grantor: U.S. Department of Homeland Security
Pass Through: California Office of Emergency Services
Award No. and Year: 059-00000 and 2019

Compliance Requirements: Reporting

Type of Finding: Significant Deficiency in Internal Control Over Compliance

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Section III – Federal Award Findings and Questioned Costs

2024-010 (Continued)

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.

Condition:

For two (2) out of three (3) project application summary reports tested, the OCPW did not retain evidence to document the individual who reviewed and approved the required reports.

Cause:

The department's procedures did not include documenting the review and approval of the reports prior to submission.

Effect:

Ineffective controls over this area of compliance could result in reports that are inaccurate or incomplete being submitted or disclosed to the granting agency.

Questioned Costs:

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

Context/Sampling:

A non-statistical sample of three (3) of nine (9) Grant Project Application Summary Reports were selecting for testing. The condition above was identified during our procedures over reporting testing.

Repeat Finding:

No.

Recommendation:

We recommend the OCPW department revise its procedures to include evidence to document the individual who reviewed and approved required reports prior to submission.

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Section III – Federal Award Findings and Questioned Costs

2024-010 (Continued)

Management Response and Corrective Action:

1. Person Responsible:
 - FEMA Public Assistance Grants Coordinator – Responsible for completing reports, uploading documents to the FEMA Grants Portal, and ensuring accurate records.
 - OCPW Emergency Manager Responsible for reviewing, approving, and submitting project applications.

2. Corrective Action Plan:
 - Revised Procedures for Review and Approval:
 - i. The FEMA Public Assistance Grants Coordinator will be responsible for completing the Project Application Summary Reports.
 - ii. Upon completion, the Grants Coordinator will upload all supporting documents into the FEMA Grants Portal. The system automatically timestamps each document and records the name of the individual who uploaded it, ensuring clear documentation of the review process.
 - iii. After all required documents are uploaded, the OCPW Emergency Manager will be notified that the project application is ready for review.
 - iv. The OCPW Emergency Manager will then:
 1. Review the submitted documents in the FEMA Grants Portal.
 2. Confirm that the reported costs align with the information provided by the reporting County agency.
 3. Approve and submit the project application to Cal OES and FEMA for project approval.
 - Retention of Documentation:
 - i. The FEMA Grants Portal serves as the official system of record, ensuring all uploaded documents are timestamped and traceable.
 - ii. All project application approvals, cost documentation, and required forms will be retained electronically within the system for audit and compliance purposes.
 - Training and Implementation:
 - i. Staff responsible for grant reporting will receive training on the revised process, including proper document upload procedures and compliance expectations.
 - ii. The updated process will be implemented immediately.
 - Monitoring and Compliance:
 - i. The OCPW Emergency Manager will conduct semiannual internal reviews of project applications to ensure compliance with the updated procedures.

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2024-010 (Continued)

- ii. Any issues identified during internal reviews will be addressed through additional staff training and process improvements.
- 3. Anticipated Implementation date: Immediate, March 18, 2025
 - Staff Training: Within 30 days
 - Semiannual Compliance Review: Beginning next quarter
 - i. First review will take place May 1, 2025. Followed by another review in October 2025.

2024-011 **Program:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Financial Assistance Listing Number: 97.036
Federal Grantor: U.S. Department of Homeland Security
Pass Through: California Office of Emergency Services
Award No. and Year: 059-00000

Compliance Requirements: Other - Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.510(b) - Schedule of Expenditures of Federal Awards
Type of Finding: Material Weakness in Internal Control Over Compliance

Criteria:

In accordance with the 2024 OMB Compliance Supplement, nonfederal entities must record expenditures on the Schedule of Expenditures of Federal Awards (SEFA) when (1) FEMA has approved the nonfederal entity's Project, and (2) the nonfederal entity has incurred the eligible expenditures. FEMA's approval of a subaward is indicated when FEMA obligates the federal share of the eligible project cost to the recipient. Federal awards expended in years subsequent to the fiscal year in which the Project is approved are to be recorded on the nonfederal entity's SEFA in those subsequent years.

In addition, section 200.303 of the Uniform Guidance states that recipients and subrecipients must establish effective internal control over the federal awards, including controls over the accuracy of program information and expenditure amounts.

Condition:

During our audit procedures performed over the Schedule of Expenditures of Federal Awards and expenditures reported for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) we noted the County reported expenditures totaling \$5,820,436 that should have been

County of Orange, California
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Section III – Federal Award Findings and Questioned Costs

2024-011 (Continued)

reported on the FY 2023 SEFA, as the granting agency approved the expenditures in FY 2023 and the County incurred the expenditures prior to June 30, 2023.

Cause:

The County lacks adequate internal controls to ensure the SEFA is completely and accurately stated.

Effect:

The initial FY 2024 SEFA provided was overstated by \$5,820,436. However, we noted these expenditures would not have had a material effect on the FY 2023 SEFA.

Questioned Costs:

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

Context/Sampling:

No sampling was used. Program expenditures on the SEFA were reconciled to supporting records.

Repeat Finding from Prior Years:

No.

Recommendation:

We the recommend that the County establish policies and implement internal controls to ensure that expenditures are reported on the SEFA in accordance with program requirements.

Management Response and Corrective Action:

1. Person Responsible: Trevor Richardson, OCPW Emergency Manager
2. Corrective Action Plan:
Due to the change in reporting guidance, we will now report the full amount of the award in the fiscal year it is approved, based on the obligation letter, instead of on a cash basis.

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Section III – Federal Award Findings and Questioned Costs

2024-011 (Continued)

3. Anticipated Implementation date: Effective immediately for FY24-25.

2024-012

Program: Epidemiology and Laboratory Capacity for Infectious Disease

Federal Financial Assistance Listing Number: 93.323

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

Award No. and Year: Various

Compliance Requirements: Procurement and Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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 Appendix II to Part 200, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards states that in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain certain provisions, as applicable.

Condition:

During our testing of the HCA's compliance with procurement and suspension and debarment requirements, we noted for two (2) of four (4) samples tested the following information was not provided at the time of the contract award:

- Clean Air Act and the Federal Water Pollution Control Act

We noted that the tested vendors had been notified of these contract provisions via email. However, there was no certification or acknowledgement obtained from the vendors to accept the contract provisions.

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Section III – Federal Award Findings and Questioned Costs

2024-012 (Continued)

Cause:

The HCA did not follow their policy to verify the information described in the condition prior to entering the transactions and did not consistently ensure that the applicable required provisions were communicated to contractors at the time the contract was entered into.

Effect:

The HCA department did not identify the applicable required provisions of the contract to the contractors at the time of the contract award.

Questioned Costs:

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

Context/Sampling:

A nonstatistical sample of four (4) of eleven (11) procurement contracts were sampled. The condition above was identified during our procedures over procurement and suspension and debarment.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the HCA department modify and strengthen its current policies and procedures to ensure that all applicable required provisions are communicated to contracts in accordance with 2 CFR Appendix II to Part 200.

Management Response and Corrective Action:

1. Person Responsible: Juan Corral, HCA Procurement & Contracts Division Manager
2. Corrective Action Plan:
HCA will review all federally funded contracts to ensure all necessary federal provisions, including Clean Air Act and Federal Water Pollution Control Act are included. If they are not,

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2024-012 (Continued)

HCA will issue contract amendments to cure this deficiency. HCA conducted an all-staff training regarding the federal audit requirements on March 20, 2025.

3. Anticipated Implementation date: June 30, 2025

2024-013

Program: Epidemiology and Laboratory Capacity for Infectious Disease
Federal Financial Assistance Listing Number: 93.323
Federal Grantor: U.S. Department of Health and Human Services
Award No. and Year: Various

Compliance Requirements: Equipment and Real Property Management

Type of Finding: Material Weakness in Internal Control Over Compliance and Material Instance of Noncompliance

Criteria:

In accordance with 2 CFR section 200.313(d)(1), property records must be maintained 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, the acquisition date, cost of the property, percentage of Federal participation in the 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 sale price of the property.

Condition:

Property records were not maintained in accordance with Uniform Guidance for all property and equipment purchased. As a result, we were unable to (1) test whether there were any differences between the physical inventory and equipment records were resolved and (2) sample equipment from the property records and physically inspect the equipment and determine whether the equipment is appropriately safeguarded and maintained.

Cause:

The HCA department did not have adequate internal controls to ensure its property records included all the requirements under Uniform Guidance or properly identify all property and equipment purchased with federal funds.

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Section III – Federal Award Findings and Questioned Costs

2024-013 (Continued)

Effect:

Property records were not adequately maintained.

Questioned Costs:

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

Context/Sampling:

No sampling was used. We examined the department's property records in total.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the HCA department enhance internal controls to ensure its property records include all the requirements under Uniform Guidance and properly identify all property and equipment purchased with federal funds.

Management Response and Corrective Action:

1. Person Responsible: Tommy Bui, HCA Property Officer
2. Corrective Action Plan:
County of Orange has implemented a new Asset tracking system that has fields which allow departments to identify the funding source. HCA is currently migrating and cleansing data from a legacy asset solution to this new system, OpenGov.
3. Anticipated Implementation date: June 30, 2025

2024-014

Program: Refugee and Entrant Assistance State/Replacement Designee Administered Programs
Federal Financial Assistance Listing Number: 93.566
Federal Grantor: U.S. Department of Health and Human Services
Award No. and Year: Various

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Section III – Federal Award Findings and Questioned Costs

2024-014 (Continued)

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

Type of Finding: Material Deficiency in Internal Control Over Compliance and Material Instance of Noncompliance

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.

Per Title 45 Subtitle B Chapter IV Part 400 Subpart E Section 400.53, *General Eligibility Requirement*, states that eligibility for refugee cash assistance is limited to those who:

- (1) Are new arrivals who have resided in the U.S. less than the RCA eligibility period determined by the Office of Refugee Resettlement (ORR) Director in accordance with Section 400.211;
- (2) Are ineligible for TANF, SSI, OAA, AB, APTDD, and AABD programs;
- (3) Meet immigration status and identification requirements in Subpart D (*Immigration Status and Identification of Refugees*);
- (4) Are not full-time students in institutions of higher education, as defined by the ORR.

Per Title 45 Subtitle B Chapter IV Part 400 Subpart E Section 400.66, *Eligibility and payment levels in a publicly-administered RCA program*, states that in administering a publicly-administered refugee cash assistance program, the agency must operate its refugee cash assistance program consistent with the provisions of its TANF program including the determination of initial and on-going eligibility.

Condition:

During our testing of the SSA's compliance with eligibility and allowable cost/cost principles, we noted the following:

For two (2) out of forty (40) cases selected for testing, the participants' country of origin did not meet the general eligibility requirements of the program.

For two (2) out of forty (40) cases selected for testing, participants received cash assistance outside of the eligibility period.

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Section III – Federal Award Findings and Questioned Costs

2024-014 (Continued)

For six (6) out of forty (40) cases selected for testing, the SSA did not retain the required documentation to evidence eligibility under the program.

Cause:

The SSA did not follow their policies to verify and withhold the information described in the condition and did not consistently ensure that participants were eligible.

Effect:

Benefits were provided to ineligible participants.

Questioned Costs:

Questioned costs for cases tested in which we determined to be ineligible to receive cash assistance or cases in which there was insufficient documentation to substantiate the eligibility determination was \$7,578.

Context/Sampling:

A nonstatistical sample of forty (40) out of all active program participants were sampled. For ineligible or unsupported cases we have projected the amount of questioned costs against the remaining population for a total of \$460,581. The condition above was identified during our procedures over eligibility, activities allowed or unallowed, and allowable costs/cost principles testing.

Repeat Finding:

No

Recommendation:

We recommend that the SSA department strengthen its internal controls to ensure that program eligibility criteria are properly supported and retained in case files.

County of Orange, California
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For the Year Ended June 30, 2024

Section III – Federal Award Findings and Questioned Costs

2024-014 (Continued)

Management Response and Corrective Action:

1. Person Responsible: Rosa Palacios, Human Services Manager
2. Corrective Action Plan:
SSA will implement the following to enhance internal controls over compliance with eligibility:
 - Policy and Procedure Review & Update: Review and update existing policies and procedures to ensure clarity of eligibility criteria, including country of origin, eligibility period, and documentation retention requirements. These actions will provide clearer guidelines to prevent future eligibility issues and ensure proper documentation retention. Complete by April 2025.
 - Ongoing Monitoring & Compliance Review: Establish a dedicated team to perform monthly reviews of all approved cases, ensuring compliance with eligibility requirements. A monthly report will detail trends, non-compliance issues, and corrective actions results. With these actions, we will have continuous oversight and prompt corrective actions to maintain program integrity. Implement reviews by May 2025.
 - Mandatory Eligibility Checklist: Implement a mandatory eligibility checklist for all staff to confirm the required eligibility documents, system entries, and action notices at initial application and semi-annual reporting. These actions ensure staff consistently follow eligibility requirements and semi-annual reporting processes. Implement by May 2025.
3. Anticipated Implementation date: April 2025 and May 2025

2024-015

Program: Medicaid Cluster, Foster Care Title IV-E, Temporary Assistance for Needy Families, Refugee and Entrant Assistance State/Replacement Designee Administered Programs

Federal Financial Assistance Listing Number: 93.778, 93.658, 93.558, 93.566

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

Award No. and Year: Various

Compliance Requirements: Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Instance of Noncompliance

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

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Section III – Federal Award Findings and Questioned Costs

2024-015 (Continued)

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 200.413(c)(1), Direct Costs, state that direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs.

2 CFR Section 200.416(b), Cost Allocation Plans and Indirect Cost Proposals, states that individual departments typically charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate proposal for each operating department is usually necessary to claim indirect costs under Federal awards. Indirect costs include (1) the indirect costs originating in each operating department of the State, local government, or Indian Tribe carrying out Federal awards; and (2) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Condition:

During our testing of pooled costs claimed through County Expense Claims, we noted that one (1) of forty (40) transactions was not a department cost that should have been included in the pooled cost. This pooled allocation affected the following major programs of SSA: 93.778, 96.658, 93.558, and 93.566.

Cause:

A journal entry was posted to the SSA Department's general ledger by another County Department without SSA's review/approval for allowable activities. The other County department inaccurately posted unallowable costs to the SSA department's general ledger and SSA did not follow their procedures to ensure allowable costs were properly reported as a cost that can be specifically assigned to activities of the major programs identified in the County's expense claims.

Effect:

Unallowable costs were included in the direct cost pool to be further allocated to the federal funded major programs.

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Section III – Federal Award Findings and Questioned Costs

2024-015 (Continued)

Questioned Costs:

Questioned costs identified amounted to \$50,971. The allocation of questioned costs to the major programs tested were as follows:

- Medicaid Cluster (93.558) - \$16,329
- Foster Care Title IV-E (93.658) - \$17,009
- Temporary Assistance for Needy Families (93.778) - \$17,633

The allocation to the Refugee and Entrant Assistance State/Replacement Designee Programs (93.566) was of a trivial amount.

Context/Sampling:

A sample of forty (40) amounting to \$10,365,065 out of all costs included in the indirect cost pool of the County expense claims were selected for testing.

Repeat Finding from Prior Years:

No.

Recommendation:

We recommend the SSA enhance its procedures to ensure that allocated pooled costs have direct benefit to the department's various federally funded programs.

Management Response and Corrective Action:

1. Person Responsible: Jackqueline Ly, Financial Services Fiscal Administrator
2. Corrective Action Plan:
SSA will work with other county agency's financial team to ensure all transactions affecting SSA's ledger are reviewed and posted correctly. Conduct a monthly reconciliation of cost pool to verify compliance with allowable cost principles and provide more regular trainings for staff involved in cost allocations and expense tracking/reporting.
3. Anticipated Implementation date: April 2025

Attachment No. 2 – Summary Schedule of Prior Audit Findings

COUNTY OF ORANGE, CALIFORNIA
 Schedule of Prior Audit Findings
 For the Year Ended June 30, 2024

Prior Year Federal Award Findings						
Finding No.	Federal Program Name	ALN	Compliance Requirements	Status of Corrective Action	Reason for Findings Recurrence	Contact Info
2023-001	Foster Care	93.658	Subrecipient Monitoring	Partially Implemented-see Finding 2024-004	N/A	N/A
2023-002	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Procurement and Suspension and Debarment	SSA - Implemented OCPW - In progress OCCR - In progress	Implementation of policy carried forward into fiscal year 2025	Joseph Sly OCPW Procurement Manager Bill Malohn OCCR Accounting Manager
2023-003	COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health and Healthcare Crises	93.391	Reporting	Implemented	N/A	N/A
2023-004	COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Allowable Activities and Allowable Costs and Cost Principles	Implemented	N/A	N/A