

**DEKALB COUNTY, GEORGIA**

**SINGLE AUDIT REPORTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2014**

**DEKALB COUNTY, GEORGIA**  
**SINGLE AUDIT REPORTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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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***

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**The Board of Commissioners of DeKalb County  
Decatur, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **DeKalb County, Georgia** (the "County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2015. Our report includes a reference to the implementation of new pension accounting standards and to other auditors. Other auditors audited the financial statements of the DeKalb County Board of Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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 were not 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-002, 2014-003, 2014-004, and 2014-005 to be material weaknesses.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-001.

## **The County's Responses to Findings**

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

## **Purpose of this Report**

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



Atlanta, Georgia  
June 25, 2015



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

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**The Board of Commissioners of DeKalb County  
Decatur, Georgia**

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

We have audited DeKalb County, Georgia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. 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.

The County's basic financial statements include the operations of the DeKalb County Board of Health, which received \$10,217,138 in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2014. Our audit, described below, did not include the operations of the DeKalb County Board of Health because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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***Basis for Qualified Opinion on the Airport Improvement Grant Program***

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding reporting that are applicable to its Airport Improvement Grant Program (CFDA 20.106), as described in item 2014-011. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Qualified Opinion on the Airport Improvement Grant Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Airport Improvement Grant Program for the year ended December 31, 2014.

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2014.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010. Our opinion on each major federal program is not modified with respect to these matters.

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-011 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-006, 2014-007, 2014-008, 2014-009, 2014-010, and 2014-012 to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Georgia as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 25, 2015 which contained unmodified opinions on those financial statements. Our report includes a reference to the implementation of new pension accounting standards and to other auditors. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 25, 2015



**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Grantor/program title	Federal CFDA No.	State pass through or grant No.	Total Expenditures
<b>U.S. Department of Agriculture:</b>			
Pass-Through Office of School Readiness:			
2014 SUMMER FOOD PROGRAM (601524)	10.555	08025 PY 2014	\$ 689,162
<b>Total U.S. Department of Agriculture</b>			<b>689,162</b>
<b>U.S. Department of Housing and Urban Development:</b>			
Community Development Block Grant (CDBG) Cluster:			
CDBG 2008 (600901)	14.218	B-08-UC-13-0001	46,051
CDBG 2009 (601009)	14.218	B-09-UC-13-0001	134,414
CDBG 2010 (601128)	14.218	B-10-UC-13.0001	56,209
CDBG 2012 (601326)	14.218	B-12-UC-13-0001	60,603
CDBG 2013 PI-Interest (601388)	14.218	B-10-UC-13-0001	332
CDBG-2013 PI (601402)	14.218	B-13-UC-13-0001	39,043
CDBG 2013 (601459)	14.218	B-13-UC-13-0001	2,682,931
CDBG-108 LOAN (601244)	14.218	B-08-UC-13-0001	4,389,582
CDBG 2014 (601562)	14.218	B-14-UC-13-0001	832,745
CDBG 2014 PI (601567)	14.218	B-13-UC-13-0001	1,900
NSP (600984)	14.218	B-08-UN-13-0003	153,296
NSP1-PI-2011 (601200)	14.218	B-08-UN-13-0003	32,432
Total CDBG Cluster			<u>8,429,538</u>
Emergency Shelter Grant Programs:			
ESGP-2011 (601266)	14.231	E-11-UC-13-0009	5,821
ESGP 2012 (601350)	14.231	E-12-UC-13-0009	115,098
ESGP-2013 (601485)	14.231	E-13-UC-13-0009	218,010
ESGP 2014 (601564)	14.231	E-14-UC-13-0009	23,965
			<u>362,894</u>
HOME Investment Partnership:			
HOME 2009 (601010)	14.239	M-09-UC-13-0208	175,265
HOME 2011 PI (601218)	14.239	M-11-UC-13-0208	830
HOME 2010 (601232)	14.239	M-10-UC-13-0208	182,353
HOME - 2011 (601262)	14.239	M-11-UC-13-0208	196,108
HOME-PI-2012 (601292)	14.239	M-12-UC-13-0208	185,249
HOME 2012 (601408)	14.239	M-12-UC-13-0208	189,201
HOME-PI-2013 (601411)	14.239	M-10-UC-13-0208	14,107
HOME 2013 (601507)	14.239	M-13-UC-13-0208	160,286
			<u>1,103,399</u>
NSP3 PI-14 (601512)	14.264	B-11-UN-13-0003	2,245
NSP-3 (601299)	14.264	B-11-UN-13-0003	1,545,479
NSP3-PI-2013 (601423)	14.264	B-11-UN-13-0003	975,418
			<u>2,523,142</u>
COC-SNAP (601532)	14.267	GA0222L4B001200	148,127
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>12,567,100</u></b>
<b>U.S. Department of the Interior Fish and Wildlife Service:</b>			
Partners for Fish & Wildlife (601362)	15.631	F12ACO1433	9,500
<b>Total U.S. Department of the Interior Fish and Wildlife Service</b>			<b><u>9,500</u></b>

(continued)

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Grantor/program title	Federal CFDA No.	State pass through or grant No.	Total Expenditures
<b>U.S. Department of Justice (DOJ):</b>			
Pass-Through Judicial Council of Georgia - Administrative Office of the Courts:			
OVW-Training and Improvement (601431)	16.013	2011-WC-AX-K014	51,505
Pass-Through Council of Juvenile Court Judges:			
CJCC- COUNSELLING DRUG/ALCOHOL (601454)	16.523	A13-8-025	21,803
CJCC JOURNEY (601455)	16.523	A13-8-025	14,340
Pass-Through Criminal Justice Coordinating Council:			
EVIDENCE-BASED JUV OFFENDERS (601467)	16.523	Y13-8-008	179,348
CJCC/COUNSELING (601557)	16.523	A15-8-027	23,147
CJCC/JOURNEY 14/15 (601559)	16.523	A15-8-034	14,593
CJCC COMMITMENT ALTERNATIVE PROGRAM (601566)	16.523	Y15-8-014	114,822
CJCC ACCOUNTABILITY BLOCK (601601)	16.523	N10-8-018	39,300
			<u>407,353</u>
2014-2015 DOJ VAW - JFP (601617)	16.021	2014-FJ-AX-0037	1,242
DOJ VAW SAFE HAVEN (601108)	16.527	2009-CW-AX-K012	160,424
CJCC/VOCA 2013-2014 (601481)	16.575	C13-8-048	53,197
CJCC/VOCA 2013-2014 (601489)	16.575	C13-8-048	35,915
Crime Victim Assistance-2014 VAW (601529)	16.575	C13-8-048	48,960
CJCC/VOCA 2014-2015 (601591)	16.575	C13-8-048	43,896
Victims of Crime (VOCA) (601602)	16.575	C13-8-048	9,017
			<u>190,985</u>
2010 DOJ/BJA (601182)	16.585	2010-DC-BX-0095	3,712
2014 CJCC/VAWA (601510)	16.588	W12-8-016	50,786
DOJ - OVW (601177)	16.590	2010-WE-AX-0062	191,941
R12-RSAT (601415)	16.593	R12-8-002	27,397
R11-RSAT (601417)	16.593	R11-8-002	346
			<u>27,743</u>
SCAAP BJA06 (600664)	16.606	115-0404-0-1-754	18,947
SCAAP RESTRICTED (600982)	16.606	115-0404-0-1-754	160,546
			<u>179,493</u>
FY 2012 BVP-Police (601500)	16.607	2012 BVP	8,085
FY 2012 BVPP-MAR (601502)	16.607	2012 DOJ BVP	6,600
2012 BVP-DA (601505)	16.607	2012 BVP	8,168
			<u>22,853</u>
2009 ARRA C.O.P.S. (601115)	16.710	2009RJWX0037	9,010
FY 2011 CSPP (601263)	16.710	2011CSWX0010	263,959
			<u>272,969</u>
U.S. Department of Justice (JAG) #16 (601249)	16.738	2011-DJ-BX-3460	220,508
U.S. Department of Justice (JAG) #17 (601340)	16.738	2012-DJ-BX-0131	62,974
U.S. Department of Justice (JAG) #18 (601470)	16.738	2013-DJ-BX-0315	57,195
ARRA JAG - MARSHALL (601024)	16.804	2009-SB-B9-0289	1,416
Total Justice Assistance Grant (JAG) Cluster			<u>342,093</u>
U.S. Department of Justice-ONE DEKALB/START 2 JUSTICE (601483)	16.745	2013-MO-BX-0014	41,317
'14 ECTF - SECRET SERVICE (601496)	16.922	ECTF-11212013	4,841
'15 ECTF - SECRET SERVICE (601627)	16.922	ECTF-11212014	49

(continued)

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Grantor/program title	Federal CFDA No.	State pass through or grant No.	Total Expenditures
Law Enforcement Confiscated Assets Program:			
Police	16.922	N/A	3,522,708
Sheriff	16.922	N/A	45,377
District Attorney	16.922	N/A	32,289
Total Law Enforcement Confiscated Assets Program			<u>3,605,264</u>
<b>Total U.S. Department of Justice</b>			<u>5,549,679</u>
<b>U.S. Department of Labor (USDOL):</b>			
Pass-Through Georgia Department of Labor (GADOL)/GOWD			
Workforce Investment Act (WIA) Cluster:			
FY13 ADULT (601395)	17.258	11-12-13-03-005	34,481
WIA FY14 Adult Program (601486)	17.258	11-13-14-03-005	1,406,549
WIA PY13 Adult Program (601463)	17.258	11-13-13-03-005	4,233
FY14 Adult Ex-Offender Program (601543)	17.258	55-13-14-03-005	2,308
PY14 Adult Prog (601588)	17.258	11-14-14-03-005	88,346
WIA FY15 Adult Program (601611)	17.258	11-14-15-03-005	255,895
PY13 WIA YOUTH (601441)	17.259	15-13-11-03-005	1,283,077
PY14 WIA Youth Program (601542)	17.259	15-14-14-03-005	196,653
WDD YOUTH SYSTEM YAP (601450)	17.259	12-902387	78,294
WDD YOUTH SYSTEM TIME (601451)	17.259	12-902387	80,290
FY 13 DSLW (601396)	17.278	31-12-13-03-005	37,294
FY 13 DSLW PROGRAM (601464)	17.278	31-13-13-03-005	5,275
FY14 DSLW (601487)	12.278	31-13-14-03-005	1,163,400
WIA PY13 RAPID RESPONSE (601465)	17.278	44-13-13-03-005	9,478
Total U.S. Department of Labor/GOWD - WIA Cluster			<u>4,645,573</u>
Reintegration of Ex-Offenders:			
U. S. DOL Training-Employment (601457)	17.270	PE-24511-13-60-A-13	145,066
Workforce Innovation Fund 2012 (601344)	17.283	IF-23243-12-60-A-13	459,859
<b>Total U.S. Department of Labor</b>			<u>5,250,498</u>
<b>U.S. Department of Transportation (U.S. D.O.T.):</b>			
Pass-Through Georgia Department of Transportation (GDOT):			
Airport Improvement Program - GDOT/FAA RUNDWAY3L/21R (601491)	20.106	AP014-9024-46-089 PID -T004886	2,664,010
GDOT TE 2012 (601317)	20.205	0010637	207,126
GDOT - LAKE (601319)	20.205	0010164	623,216
GDOT CANDLER RD IMPRMNT (601427)	20.205	0009567	297,144
GDOT N. DRUID OFF SYSM (601475)	20.205	0012691	97,727
GDOT TUCKER PEDESTRIAN II (601476)	20.205	0012617	14,985
2008 TEA FUNDS (601339)	20.205	0009027	20,314
ARC- COMP TRANSP PLAN (601234)	20.205	U01119	208,360
ARC-MEDLINE LCI (601420)	20.205	2013 LCI-MEDLINE	120,000
Pass-Through Georgia Department of Natural Resources-Zonlite Trail			
GA DEP NATURAL RES-ZONLITE TL (601520)	20.219	NRT 12 (11)	78,003
Total Highway Planning and Construction Cluster			<u>1,666,875</u>
Pass-Through Department of Motor Vehicle Highway Safety:			
2010 MCSAP (601214)	20.218	MC-FY2010	41,520
U.S. Department of Transportation - Federal Transit Administration:			
MARTA Freedom Program (601162)	20.521	10-800731	356
MARTA Freedom Program (601374)	20.521	MARTA New Freedom	42,818
			<u>43,174</u>

(continued)

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Grantor/program title	Federal CFDA No.	State pass through or grant No.	Total Expenditures
U.S. D.O.T. - National Highway Traffic Safety Administration (NHTSA):			
Pass -Through Governor's Office of Highway Safety:			
FY 14 GOHS/H.E.A.T. (601477)	20.600	GA-2014-44-00281	39,239
FY 15 GOHS/H.E.A.T. (601621)	20.600	GA-2015-44-00301	12,211
Total Highway Safety Cluster			<u>51,450</u>
<b>Total U.S. Department of Transportation (U.S. D.O.T.)</b>			<b>4,467,029</b>
<b>U.S. Department of Treasury:</b>			
Law Enforcement Confiscated Fund (DeKalb County)			
Police	21.000	N/A	71
Sheriff	21.000	N/A	26
<b>Total U.S. Department of Treasury</b>			<b>97</b>
<b>Department of Veterans Affairs - VA Health Administration Center:</b>			
Purchase Care Program - Veterans Affairs (601531)	64.029	VA119-13-Q-0104	92,200
<b>Total Department of Veterans Affairs</b>			<b>92,200</b>
<b>Environmental Protection Agency</b>			
<b>Office of Solid Waste and Emergency Response</b>			
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements (Brownsfield Cleanup Agreement) (601518)	66.818	9548312	22,040
<b>Total Environmental Protection Agency</b>			<b>22,040</b>
<b>U.S. Department of Health and Human Services (HHS):</b>			
2010 U.S. Department of Health & Human Services - SAMHSA (601185)	93.243	1H79TI023389-01	71,445
U.S. DHHS Substance Abuse (601598)	93.243	1H79TI025472-01	9,773
			<u>81,218</u>
Pass-through State of Georgia Department of Human Services (GDHS):			
Pass-through Atlanta Regional Commission (ARC) - Aging Cluster:			
ARC Grants for Supportive Services and Senior Centers	93.044	AG0937 NHD2 908ANH	230,894
ARC Nutrition Services	93.045	AG0937 NHD2 908ANH	697,926
Total Aging Cluster			<u>928,820</u>
Pass-through State of Georgia Department of Human Services (GDHS):			
Pass-through Atlanta Regional Commission			
ARC National Family Caregiver Support	93.052	N/A	75,658
Enhance Safety of Children Affected By Substance Abuse:			
DOHH/GSU - DRG CT (601397)	93.087	90CU0062-01	193,089
Pass-Through Governor's Office for Children and Families:			
MIECHV Program (601265)	93.505	HV12-004/HV12-009	38,711
MIECHV-Early Childhood (601409)	93.505	CC11-01-003	999
MIECHV-2013-2014 (601480)	93.505	CC11-01-003	298,839
MIECHV-14-15 (601593)	93.505	CC11-01-003	45,092
			<u>383,641</u>
Pass-Through Georgia Department of Human Services (GDHS):			
UIFSA Child Support	93.563	42700-401-0000020359 (Jan-Jun 2014)	474,912
Enforcement Fed (3920)	93.563	42700-401-0000031510 (Jul-Dec 2014)	519,790
			<u>994,702</u>
Block Grants for Prevention and Treatment of Substance Abuse:			
'12 GA Dept. of Behavioral Health & Development Disabilities (601361)	93.959	441-93-1333058	55,505
'13 GA Dept. of Behavioral Health & Development Disabilities (601466)	93.959	441-93-1433ABY	174,480
			<u>229,985</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<b>2,887,113</b>

(continued)

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Grantor/program title	Federal CFDA No.	State pass through or grant No.	Total Expenditures
<b>Executive Office of the President:</b>			
Pass-through Office of National Drug Control Policy:			
HIDTA 2012 (601318)	95.001	G12GA0002A	796
HIDTA 2013 (601426)	95.001	G13GA0002A	203,358
HIDTA 2014 (601548)	95.001	G14GA0002A	98,006
<b>Total Executive Office of the President</b>			<b>302,160</b>
<b>U.S. Department of Homeland Security:</b>			
Pass-Through Georgia Emergency Management Agency (GEMA):			
2012 FEMA - PPA (601352)	97.042	EMW-2012-EP-00051-S01	2
FEMA: FY'13 PPA (601472)	97.042	OEM 13-046	99,893
FEMA: FY '14 PPA (601604)	97.042	EMW-2014-0073	1,620
			<u>101,515</u>
GEMA-PDMC-PJ-04GA210-001 (601328)	97.047	GEMA-PDMC-PJ-04-GA-2010-001	1,334,098
GEMA '12 GSAR WS #3020 (601461)	97.067	2012-SS-00063-S01	17,447
GEMA HS #3031 (601462)	97.067	EMW-2012-SS-00063-S01	4,077
GEMA '12 GSAR WS #3054 (601495)	97.067	2012-SS-00063-S01	17,771
GEMA '12 GSAR WS #3090 (601528)	97.067	2012-SS-00063-S01	75
GEMA '13 WS #3172 (601534)	97.067	2013-SS-00054-S01	11,642
GEMA '13 HS #3105 (601539)	97.067	EMW-2013-SS-00054-S01	4,012
GEMA: HS#3141 (601540)	97.067	EMW-2013-SS-00054-S01	19,849
			<u>74,873</u>
2011 HSGP (601324)	97.073	EMW-2011-SS-00081-S01	26,660
GEMA: 2011 GSAR WS# 2781 (601342)	97.073	2011-SS-00081-S01	2,740
GEMA: 2011 GSAR WS# 27801 (601343)	97.073	2011-SS-00081-S01	9,191
GEMA: 2011 GSAR WS#2782 (601341)	97.073	2011-SS-00081-S01	263
			<u>38,854</u>
<b>Total U.S. Department of Homeland Security/FEMA/GEMA</b>			<b>1,549,340</b>
Total Federal Expenditures			<u>\$ 33,385,918</u>

See accompanying notes to the schedule of federal awards.

# DEKALB COUNTY, GEORGIA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2014

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### (1) Summary of Significant Accounting Policies

#### ***Basis of Presentation and Accounting***

The basic financial statements of DeKalb County, Georgia (the County), as of and for the year ended December 31, 2014, include the operations of the DeKalb County Board of Health. The accompanying schedule of expenditures of federal awards does not include federal financial assistance received directly by the DeKalb County Board of Health, because this component unit engaged other auditors to perform an audit in accordance with the Single Audit Act. Accordingly, the accompanying schedule of expenditures of federal awards presents the federal financial assistance programs administered by the County, and does not reflect the federal financial assistance programs administered by the DeKalb County Board of Health.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the County to match grant awards with County funds, such matching funds are excluded from the accompanying schedule of expenditures of federal awards. Grant programs that did not have 2014 transactions have not been presented herein. The majority of these programs have completed their program activities but may not have been formally closed out. Grant revenues and expenditures incurred prior to 2014 under these grants remain subject to audit by either the grantor agency or its representatives within the limitations of the Single Audit Act.

Federal grant programs that are administered through State agencies (pass-through awards) have been included in the accompanying schedule of expenditures of federal awards. These programs are operated according to federal regulations promulgated by the originating federal agency providing the funding.

### (2) Subrecipients

The total amount of federal expenditures provided to subrecipients by the County is as follows:

<u>Federal program</u>	<u>Amount</u>
Community Development Block Grant CFDA #14.218	\$ 1,925,716
HOME Investment Grant CFDA #14.239	<u>1,098,999</u>
Total	<u>\$ 3,024,715</u>

# DEKALB COUNTY, GEORGIA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2014

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### (3) Loans Outstanding

The County uses funds available under the Community Development Block Grant and HOME Investment Grant programs to provide low-interest loans to eligible persons. Principal payments received are used to make additional loans as part of the revolving loan fund. Disbursements of such loans are included as expenditures in the accompanying schedule of expenditures of federal awards in the year of disbursement.

The outstanding balance of these loans at December 31, 2014 is as follows:

<u>Federal Program</u>	<u>Balance Outstanding</u>
Community Development Block Grant CFDA #14.218	\$ 1,083,052
HOME Investment Grant CFDA #14.239	16,365,234

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### (1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unmodified opinion**
- (b) Internal control over financial reporting:
  - Material weaknesses identified: **yes**
  - Significant deficiencies identified: **None reported**
- (c) Noncompliance material to the financial statements noted: **yes**
- (d) Internal control over major programs:
  - Material weaknesses identified: **yes**
  - Significant deficiencies identified, not considered to be material weaknesses: **yes**
- (e) The type of report issued on compliance for major programs: **Qualified for Airport Improvement Grant Program (CFDA #20.106). Unmodified for remaining major federal programs.**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **yes**
- (g) Major Programs:
  - Community Development Block Grant, CFDA #14.218**
  - HOME Investment Partnership, CFDA #14.239**
  - Neighborhood Stabilization Program 3, CFDA #14.264**
  - Highway Planning and Construction Cluster, CFDA #20.205 & 20.219**
  - Law Enforcement Confiscated Assets, CFDA # 16.922**
  - Workforce Investment Act Cluster, CFDA #17.258, 17.259, & 17.278**
  - Airport Improvement Grant Program, CFDA#20.106**
  - Pre-Disaster Mitigation Competitive Grant Program, CFDA #97.047**
- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$1,001,578**
- (i) Audit qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **no**



# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### (2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

#### **Finding 2014-001 – Governmental Budgets Compliance**

**Criteria:** State of Georgia law (OCGA 36-81-3) states: a) Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. The annual balanced budget shall be adopted by ordinance or resolution and administered in accordance with this article; and b) a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

**Condition:** State law requires local governments to adopt annual appropriated budgets for the general fund, each special revenue fund, and each debt service fund. We noted, during our audit, the County did adopt budgets for the appropriate funds however for the below funds the beginning fund balance plus the final amended budgeted revenue less expenditures resulted in a budgeted deficit.

- Grant-in Aid Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$1,197,000 plus final amended budgeted deficiency of revenues under expenditures of \$34,752,000 resulted in an ending original and final budgeted fund deficit of \$33,555,000.
- Law Library Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$0 plus final amended budgeted deficiency of revenues under expenditures of \$61,000 resulted in an ending original and final budgeted deficit of \$61,000.
- Alternative Dispute Resolution Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$0 plus final amended budgeted deficiency of revenues under expenditures of \$36,000 resulted in an ending original and final budgeted deficit of \$36,000.
- 2005 Justice Assistance (JAG) Special Revenue Fund Budgeted Deficit – beginning fund balance deficit (budgetary basis) of \$41,000 plus final amended budgeted deficiency of revenues under expenditures of \$184,000 resulted in an ending original and final budgeted deficit of \$225,000.

**Context/Cause:** During our inquiry of management about the County's governmental funds (required to have balanced budgets) and review of the financial statements, it was determined the final budgets for the funds noted previously reflected budgeted deficits or insufficient fund balance causing the County to be out of compliance with State law for adopting annual balanced budgets for these funds.

**Effects:** Lack of annual balanced budgets resulted in a compliance violation with State law.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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**Recommendation:** We recommend the County adopt annual balanced budgets as required by State law, taking into account the beginning budgetary basis fund balance.

**Auditee's Response:** We concur with the finding. Controls are being strengthened for future fiscal periods to ensure appropriations will not exceed resources for any fund.

### **Finding 2014-002 – Restatement of Beginning Net Position and Assets and Liabilities**

**Criteria:** Internal controls should be in place to ensure that financial statements of the County are properly presented in accordance with accounting principles generally accepted in the United States of America.

**Condition:** Internal controls were not sufficient to detect material misstatements in the County's financial statements for the year ended December 31, 2013 which represents the beginning balances for the 2014 financial statements.

**Context/Cause:** During our audit for the year ended December 31, 2014, the following misstatements were identified that caused the need to restate financial statement net position and assets and liabilities reported as of and for the year ended December 31, 2013. The nature and magnitude of the corrections for the prior period errors are as follows:

- The County did not properly record capital assets and related liabilities in its Watershed System Fund in the prior period specifically related to recording intangible assets (sewage capacity rights) and amounts due to other governments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. As of December 31, 2013, the County did not properly recognize the County's portion of costs incurred for capital improvements to a City of Atlanta sewage treatment plan (which the County has contracted rights to capacity) in the amount of \$23,210,000 as intangible assets and did not recognize the liability of the same amount as due to other governments. The error did not have any effect on beginning net position as the project was still considered construction in progress and therefore, nothing at that time was required to be depreciated. Beginning capital assets and liabilities for the Watershed System Fund and Business-type Activities were understated by \$23,210,000.
- In previous years, the County did not properly account for three (3) lease agreements as lessee for financing various energy-savings equipment which was used in governmental activities. These leases should have been accounting for as capital leases but instead were accounted for as operating leases. The County has determined that the individual costs of the equipment falls below the County's capitalization threshold and therefore, has not recorded these items as capital assets. However, beginning capital leases payable as of December 31, 2013 was understated by \$2,422,330 while beginning net position was overstated by \$2,422,330. In addition, the beginning accrued interest payable related to these capital leases was understated by \$68,077 while beginning net position was overstated by \$68,077.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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- In previous years, the County did not properly account for a lease agreement between the County and the Development Authority of DeKalb County. The lease should have been accounted for as a capital lease but instead was accounted for as an operating lease. Beginning capital assets and beginning accumulated depreciation expense as of December 31, 2013 were understated by were understated by \$6,000,000 and \$660,000, respectively, while beginning capital leases payable and beginning net position were understated by \$2,525,000 and \$2,815,000, respectively. In addition, the beginning accrued interest payable related to this capital lease was understated by \$9,969 while beginning net position was overstated by \$9,969.

**Effects:** The errors discussed above created the need for adjustments of beginning net position, capital assets, capital leases payable, and accrued interest payable for governmental activities and capital assets and liabilities for the Watershed System Fund and Business-type Activities.

**Recommendation:** We recommend the County carefully review all contracts, intergovernmental agreements, and lease agreements to ensure proper accounting and financial reporting thereof in accordance to generally accepted accounting principles. Also, we recommend the County improve its communication between the various departments and the finance department to better strengthen controls surrounding timely and accurate recording of transactions in the County's general ledger and ultimately in the County's financial statements.

**Auditee's Response:** We concur with the finding. We will ensure that the necessary review of the financial information is being conducted to ensure that financial data is properly reported during the year and at the conclusion of each financial reporting cycle.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### **Finding 2014-003 – Accounting for Receivables and Related Revenues, and Deferred Inflows of Resources**

**Criteria:** Internal controls should be in place to ensure receivables, revenues, and deferred inflows of resources are properly recorded at year-end in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to prevent misstatements in reporting of the County's receivable, deferred inflows of resources and revenue balances within several County funds.

**Context/Cause:** During our testing of receivables, deferred inflows of resources, and revenue, it was noted that the County did not properly record these items in the funds noted below.

**Effects/Possible Effects:** In the following funds, the following adjustments were required:

- General Fund – an entry of approximately \$198,000 was required to increase revenue and to decrease deferred inflows of resources (property taxes). An entry of approximately \$15,000 was required to decrease receivables and decrease revenues (false alarm fees). An entry of approximately \$134,000 was required to decrease law library revenue and to increase liabilities.
- Emergency Telephone System Fund – an entry of approximately \$1,027,000 was required to properly record receivables and revenue as the County which had been earned but not recorded as of year-end.
- Grant-in-Aid Fund – an entry of approximately \$1,422,000 was required to decrease intergovernmental receivables and related revenue due to lack of supporting documentation for grant receivables.
- Fire Fund – an entry of approximately \$36,000 was required to increase revenue and to decrease deferred inflows of resources (property taxes). An entry of approximately \$186,000 was required to record receivables and revenues that were not initially recorded on the County's general ledger and/or trial balance report.
- Special Tax District- Designated Services Fund – an entry of approximately \$9,200 was required to increase receivables and revenues.
- Special Tax District- Unincorporated Fund – an entry of approximately \$363,000 was required to increase receivables and revenue. An entry of approximately \$826,000 was required to increase revenue and to decrease liabilities.
- Hospital Fund – an entry of approximately \$12,000 was required to increase revenue and to decrease deferred inflows of resources (property taxes).
- Special Tax District – Police Services Fund – an entry of approximately \$52,000 was required to increase revenue and to decrease deferred inflows of resources (property taxes).
- Hotel/Motel Tax Fund – an entry of approximately \$205,000 was required to increase accounts receivable and revenue for amounts not recorded in the County's general ledger or trial balance.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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- General Obligation Bonds Debt Service Fund – an entry of approximately \$500 was required to increase revenue and decrease deferred inflows of resources (property taxes).
- Special Tax District General Obligation Bonds Debt Service Fund – an entry of approximately \$25,000 was required to increase revenue and decrease deferred inflows of resources (property taxes).
- Watershed Fund – an entry of approximately \$15,000 was required to record receivable and revenue related to unbilled consumption. An entry of approximately \$1,221,000 was required to decrease operating revenue and to increase allowance for uncollectible accounts.
- DeKalb Peachtree Airport Fund – an entry of approximately \$150,000 was required to decrease intergovernmental receivable and related revenue.

**Recommendation:** There should be a periodic reconciliation and review of the receivable, deferred inflows of resources, and revenue balances throughout the fiscal year as well as at fiscal year-end to ensure balances are properly and timely recorded in accordance with generally accepted accounting principles.

**Auditee's Response:** We concur with the finding. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas. The County will also improve communication between the various departments to ensure that accountability in the appropriate areas is achieved.

### **Finding 2014-004 – Timely Preparation and Review of Cash Bank Reconciliations and Accurate Reporting of Cash Balances in Appropriate Funds**

**Criteria:** Internal controls should be in place to ensure bank accounts are timely reconciled throughout the fiscal year and reconciling items are properly handled and recorded correctly in the general ledger in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to prevent misstatements in reporting of the County's cash balances within several County funds.

**Context/Cause:** During our testing of cash and inquiry of County personnel, it was noted that the County was a few months behind in reconciling certain cash accounts which led to certain reconciling items not being addressed in a timely manner.

**Effects/Possible Effects:** In the following funds, adjustments were required:

- General Fund – an entry of approximately \$358,000 was required to decrease deferred inflows of resources with an offsetting entry to reduce cash by approximately \$288,000 and to increase miscellaneous revenue by approximately \$70,000 in order to move cash and related revenue into the appropriate fund (Stormwater Fund).

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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- General Obligation Bonds Debt Service Fund – an entry of approximately \$2,350,000 was required to increase cash and to decrease interest expenditures in order to record activity in the correct fund. Additionally, an entry was required to decrease cash and decrease financing sources by approximately \$411,000.
- Building Authority Revenue Bonds Debt Service Fund – an entry of approximately \$2,350,000 was required to increase cash and decrease principal and interest expenditures in order to correct entry initially provided by the County in this fund to reclass debt payments to the correct fund.
- Watershed Fund – an entry of approximately \$2,350,000 was required to decrease cash and operating revenue in order to correct previous entries to the County’s pooled cash accounts. In addition, an entry of approximately \$1,666,000 to increase cash and to increase miscellaneous revenue was required to properly record an item that was noted on the bank reconciliation as a reconciling item when the item had already cleared the bank as of year-end.
- Stormwater Fund– an entry of approximately \$288,000 was required to increase unearned revenue and increase cash in order to move cash and related unearned revenue into the appropriate fund (from General Fund).

**Recommendation:** We understand the County did switch banks during fiscal year 2014 which added some complexities to the overall bank reconciliation process; however, we recommend the County strengthen controls and procedures to ensure all County bank accounts are properly and timely reconciled on a monthly basis. All unapplied deposits or other unreconciled differences or items should be properly and timely researched and recorded appropriately to the County’s general ledger in accordance with generally accepted accounting principles.

**Auditee’s Response:** We concur with the finding. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas.

### **Finding 2014-005 – Accounts Payable Accounting**

**Criteria:** Internal controls should be in place to ensure accounts payable and related accrued liabilities are properly reported within the financial statements. Generally accepted accounting principles require financial statements to be prepared either under the full accrual basis of accounting (for proprietary funds) in which all liabilities and related expenses are reported when incurred, regardless of the timing of related cash flows, or under the modified accrual basis of accounting (for governmental funds) in which liabilities, and related expenditures, are reported as incurred if expected to be paid from current, available resources.

**Condition:** Internal controls were not sufficient as several invoices were improperly excluded from the County’s accounts payable detail at year end, based on when the applicable services had been provided.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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**Context/Cause:** During our testing of accounts payable abilities, we noted the following issues:

- During our testing of the General Fund's accounts payable, we noted the County did not record approximately \$2,747,000 in invoices paid subsequent to year-end but related to 2014 as services were rendered prior to December 31, 2014. An adjustment to increase accounts payable and related expenditures of \$2,747,000 was required.
- During our testing of the Special Tax District – Unincorporated Fund's accounts payable, we noted the County did not record approximately \$1,329,000 in invoices paid subsequent to year-end but related to 2014 as services were rendered prior to December 31, 2014. An adjustment to increase accounts payable and related expenditures of \$1,329,000 was required.
- During our testing of the Watershed System Fund's accounts payable, we noted the County did not record approximately \$1,324,000 in invoices paid subsequent to year-end but related to 2014 as services were rendered prior to December 31, 2014. An adjustment to increase accounts payable and related expenses of \$1,324,000 was required.
- During our testing of the Risk Management Fund's accounts payable and claims payable, we noted the County did not record approximately \$3,789,000 in invoices or claims paid subsequent to year-end but related to 2014 as services were rendered (or claims incurred) prior to December 31, 2014. An adjustment to increase accounts payable and claims payable and related expenses of \$3,789,000 was required.

**Effects/Possible Effects:** If the above mentioned adjustments and corrections were not made, the accounts payable and related expenses or expenditures of the County would have been materially misstated as of year-end, thus providing misleading information to the readers of the financial statements.

**Recommendation:** We recommend the County strengthen its review of invoices that are paid subsequent to year-end to ensure items are recorded in the proper reporting period. When the Finance Department employs the use of several individuals to review invoices to record accounts payable and accrued liabilities at year-end, the County should put procedures in place to prevent errors from occurring when recording accruals at year-end.

**Auditee's Response:** We concur with the finding. The County will continue to strengthen its controls surrounding the manual review of invoices and will continue to develop and train accounts payable staff with appropriate guidance for identifying accruals.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### (3) Federal Award Findings and Questioned Costs

#### Finding 2014-006 – Suspension and Debarment

**Program:** CFDA No. 20.205

**CFDA Program Title:** Highway Planning and Construction Cluster

**Criteria:** In compliance with the guidance set forth in the cooperative agreements and with the OMB A-102 Common Rule (which applies to grants and cooperative agreements) Attachment 1 (d), all recipients are required, during the procurement process, to ensure vendors are not cited as suspended or debarred or otherwise excluded from participation in federally funded contracts. This can be accomplished by checking the [www.sam.gov](http://www.sam.gov) maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the contract with the vendor.

**Condition:** During our testing of the Highway Planning and Construction program, it was discovered that the County did not verify whether three contractors were noted as excluded on the Federal government's suspension and debarred lists and did not include the appropriate language in the contracts with those vendors.

**Effects or Possible Effects:** The County could unintentionally enter into a noncompliant contract and be forced to reimburse the Federal government for all expenditures made with the debarred or suspended contractor. Based on a review of the excluded parties listing, none of the contractors in this case were included as suspended or debarred.

**Questioned Costs:** None.

**Cause:** The County did not obtain suspension and debarment certifications from the contractors.

**Context:** Of the three contractors used with Transportation funds, all of which were reviewed as part of our audit, none were noted as having the proper suspension and debarment certification in their contracts.

**Recommendation:** We recommend the County follow procedures to properly include all suspension and debarment clauses in the contracts involving grant or cooperative agreement funds.

**Auditee's Response:** The County agrees with the recommendation above. The Purchasing Department has established a formal process to ensure that all grant related information is included in the contracts in the future.



# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### **Finding 2014-007 – Cash Management**

**Program:** CFDA No. 20.205

**CFDA Program Title:** Highway Planning and Construction Cluster

**Criteria:** The grant agreement for this program requires the County to request cash drawdowns on a reimbursement basis.

**Condition:** During our testing of the Highway Planning and Construction program, we noted one item which was draw down and reimbursed prior to the underlying disbursement being made. One invoice, in the amount of \$10,200 was reimbursed by the State on July 3, 2014 however the payment of the invoice wasn't made by the County until October 9, 2014.

**Effects or Possible Effects:** The County drew down funds prior to the underlying disbursement being made resulting in non-compliance with the reimbursement requirements of the grant agreement.

**Questioned Costs:** None.

**Cause:** County personnel had, by oversight, a notation that the payment had been made and thus requested the draw down. Upon a second copy of the invoice being presented for payment by the vendor, the County realized the disbursement had not been made and timely made the disbursement.

**Context:** In our audit we reviewed all 47 expenditure transactions and their related requests for reimbursement. The one item noted in this finding was the only non-compliance with cash management requirements.

**Recommendation:** We recommend the County follow its new review and approval policies for all grant drawdown requests to ensure compliance with requirements.

**Auditee's Response:** The County now attaches the check copies and invoices to the reimbursement request to document compliance with the reimbursement requirement.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### **Finding 2014-008 – Suspension and Debarment**

**Program:** CFDA No. 16.922

**CFDA Program Title:** Law Enforcement Confiscated Assets (Confiscated Assets)

**Criteria:** In compliance with the guidance set forth in the cooperative agreements and with the OMB A-102 Common Rule (which applies to grants and cooperative agreements) Attachment 1 (d), all recipients are required, during the procurement process, to ensure vendors are not cited as suspended or debarred or otherwise excluded from participation in federally funded contracts. This can be accomplished by checking the [www.sam.gov](http://www.sam.gov) maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the contract with the vendor.

**Condition:** During our testing of the Confiscated Assets program, it was discovered that the County did not verify whether four contractors were noted as excluded on the Federal government's suspension and debarred lists and did not include the appropriate language in the contracts with those vendors.

**Effects or Possible Effects:** The County could unintentionally enter into a noncompliant contract and be forced to reimburse the Federal government for all expenditures made with the debarred or suspended contractor. Based on a review of the excluded parties listing, none of the contractors in this case were included as suspended or debarred.

**Questioned Costs:** None.

**Cause:** The County did not obtain suspension and debarment certifications from the contractors.

**Context:** Of the ten contractors used with Confiscated Assets funds, we reviewed four procurement files and documentation as part of our audit, and none of the four reviewed were noted as having the proper suspension and debarment certification in their contracts.

**Recommendation:** We recommend the County follow procedures to properly include all suspension and debarment clauses in the contracts involving grant or cooperative agreement funds.

**Auditee's Response:** The County agrees with the recommendation above. The Purchasing Department has established a formal process to ensure that all grant related information is included in the contracts in the future.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### **Finding 2014-009 – Reporting**

**Program:** CFDA No. 16.922

**CFDA Program Title:** Law Enforcement Confiscated Assets (Confiscated Assets)

**Criteria:** Under Section X of the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, a state or local law enforcement agency must submit a signed Equitable Sharing Agreement and Certification Form. The Equitable Sharing Agreement and Certification Form is due 60 days after the agency's fiscal year end.

**Condition:** During our testing of the Equitable Sharing Agreements and Certification Forms submitted by the three participating County agencies: Sheriff, Police, and District Attorney, we noted that one of the three forms (from the District Attorney's department) was not submitted timely. We also noted that the Equitable Sharing Agreement submitted for the Police Department did not agree to the detail listing of expenditures as the Equitable Sharing Agreement included encumbrances of \$112,797 which should not be reported, as they are not actual expenditures during the fiscal year.

**Effects or Possible Effects:** Management of the District Attorney's Department did not submit the report timely. The Police Equitable Sharing Funds expended was inaccurately reported as it improperly included encumbered expenditures.

**Questioned Costs:** None.

**Cause:** The County did not submit the required report for the District Attorney's office due to an audit review by the Department of Justice which, they were told, precluded them from filing the report, however the District Attorney's office did not have any documentation of this exemption or consideration. The Police reported inaccurate information as they included encumbered funds as expenditures.

**Context:** The District Attorney report which was not filed timely was the only required report noted to be filed late. Upon review of the total expenditures as reported, the Police Department report improperly included encumbered funds of \$112,797 as expenditures.

**Recommendation:** We recommend the County strengthen internal controls around management review of reporting to ensure that all required reports are submitted timely and that the Summary of Equitable Sharing Activity is accurately reported based on actual expenditures.

**Auditee's Response:** The County agrees with the recommendation above. The DeKalb County District Attorney Department has coordinated with the DeKalb County Finance Department

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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Confiscated funds manager to ensure timely dissemination of financial records necessary to complete the Equitable Sharing for State and Local Law Enforcement Agencies reports in a timely manner.

### **Finding 2014-010 - Commingling of Funds**

**Program:** CFDA No. 16.922

**CFDA Program Title:** Law Enforcement Confiscated Assets (Confiscated Assets)

**Criteria:** Under Section IX A.2. of the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, a state or local law enforcement agency should not commingle Department of Justice equitable sharing funds with funds from any other source.

**Condition:** During our testing of the requirements of the Confiscated Assets program, we noted that the County did open a separate bank account for the federal Equitable Sharing Program fund in June 2012, as a result of a Department of Justice audit report. However, this account was not utilized until 2013 when the applicable federal program funds were transferred into the new account. During 2014, separate revenue and expenditure tracking was performed by the County on the Equitable Sharing funds, but the County was depositing the federal Equitable Sharing Program funds in both the County's general concentration bank account and the confiscated asset bank account.

**Effects or Possible Effects:** The County did not fully comply with the federal program requirement related to commingling and could have resulted in funds being spent for non-program purposes.

**Questioned Costs:** None.

**Cause:** The County did learn about the requirement during 2012 and established the separate bank account but did not solely use the separate bank account throughout 2013 or 2014.

**Context:** The bank account relates to all funds of the program.

**Recommendation:** We recommend the County ensure the assets and all related activity flow through the recently established bank account.

**Auditee's Response:** The County agrees with the finding. The Federal Government was provided the new bank account for all Federal Confiscated Funds Payments but information was not updated until 2013. The Banking information has been updated and the County will work with the Federal agency to ensure that all deposits are made into to the new bank account.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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### **Finding 2014-011 – Reporting**

**Program:** CFDA No. 20.106

**CFDA Program Title:** Airport Improvement Grant Program

**Criteria:** OMB Circular A-133 (A-133) requires that recipients should use the standard financial reporting forms or such other forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form). Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. The financial reporting requirements for subrecipients are as specified by the pass-through entity, but often times mirror federal reporting requirements. This grant is passed through the State of Georgia Department of Transportation and the grant agreement between the County and the State requires the County to submit monthly statements of the work completed upon which the State will pay to the County an appropriate share of the costs.

**Condition:** For the year ended December 31, 2014, we requested the reimbursement request reports to determine if the County was properly maintaining documentation and to ascertain if the financial reports were complete, accurate, and prepared in accordance with the required basis of accounting. We found that the County could not locate or provide any of the reimbursement request reports for testing.

**Effects or Possible Effects:** Financial reports could have been submitted that were inaccurate causing the County to request the incorrect amount of reimbursement.

**Questioned Costs:** None

**Cause:** There was a lack of oversight of management in relation to retaining the required documentation.

**Context:** All reports related to requesting reimbursement of Airport Improvement Grant Program expenses were not retained by the County. Subsequently, the County was unable to obtain the reports from the Georgia Department of Transportation, therefore no documentation of the reports or related controls were noted in our audit. We did note that the amounts reimbursed by the State agreed to the State's portion of allowable expenditures for the program and that the reimbursements were received after the County's disbursement for the allowable expenditure.

**Recommendation:** We recommend the County maintain all reimbursement request reports funded out of the Airport Improvement Grant funds.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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**Auditee's Response:** The County agrees with the recommendation above. The County will retain copies of all reimbursement requests.

### **Finding 2014-012 – Allowable Costs/Activities**

**Program:** CFDA No. 97.047

**CFDA Program Title:** Pre-Disaster Mitigation Competitive Grant Program

**Criteria:** OMB Circular A-87 (A-87) establishes principles and standards for determining allowable direct and indirect costs for Federal awards. The basic guidelines affecting allowability of costs (direct and indirect) are identified in A-87, Attachment A, paragraph C as follows (a) be necessary and reasonable for the performance and administration of Federal awards; (b) be allocable to Federal awards under the provisions of A-87; (c) be authorized or not prohibited under State or local laws or regulations; (d) conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items; (e) be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit; (f) be accorded consistent treatment; (g) be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87; (h) not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation; (i) be net of all applicable credits; and (j) be adequately documented. Federal requirements also require that Federal grant recipients establish an effective internal control structure which would ensure compliance with direct and material compliance requirements of Federal programs.

**Condition:** For the year ended December 31, 2014, we reviewed nine expenditures paid out of Pre-Disaster Mitigation Program funds to determine if the County was properly maintaining documentation and charging allowable costs to the grant. We found that for one disbursement paid out of Pre-Disaster Program funds, the County was not properly maintaining the supporting invoice to confirm that controls were in place.

**Effects or Possible Effects:** Expenditures unrelated to the Pre-Disaster Mitigation Program could be funded with Pre-Disaster Mitigation Program funds. Therefore, unallowable costs could be charged to the grant.

**Questioned Costs:** None.

**Cause:** There was a lack of oversight of management in relation to required documentation being retained.

# DEKALB COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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**Context:** Of a total of 28 disbursements of grant funds for the year, we reviewed nine as part of our testing of allowable activities and costs. Of the nine disbursements tested using Pre-Disaster Mitigation Program funds, one disbursement was noted as having no documentation retained at the County. Subsequently, the County was able to obtain the expenditure documentation from the closing attorney, providing appropriate documentation of compliance however no documentation of controls were noted.

**Recommendation:** We recommend the County maintain supporting invoices on all expenditures funded out of Pre-Disaster Mitigation Program funds.

**Auditee's Response:** The County agrees with the recommendation above. The County will keep on file invoices pertaining to disbursements of the grant.

# DEKALB COUNTY, GEORGIA

## STATUS OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2014

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### (4) Status of Prior Year Findings

#### **Finding Reference: 2013-007 – Documentation of Payroll – Community Development Block Grants Cluster (CDBG)**

**Condition:** The County's CDBG grant includes salaries or wages charged as direct costs for both employees that are considered single activity employees (they only work on the CDBG program) and some that are considered multiple activity employees (they work on the CDBG program as well as other County HUD programs). The process, used by the County personnel responsible for managing the CDBG grant, for payroll charged to the CDBG grant is the same process used by the County for all of its payroll and is the generally accepted practice of the County. For employees who work solely on the CDBG grant, the County did not obtain periodic certifications that the employee worked solely on the CDBG grant that were signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. The process, used by the County personnel responsible for managing the CDBG grant, for allocating salaries and wages among the multiple activities or cost objectives on which the employees worked was for management responsible for the grant to allocate such costs to the grants based on their knowledge of what the employee worked on. The employees do not sign or approve the allocation of their effort to the various grants, activities, or cost objectives.

**Auditee Response/Status:** The County corrected this condition effective January 1, 2014.

#### **Finding Reference: 2013-008 – Documentation of Payroll – HOME Investment Partnership (HOME)**

**Condition:** The County's HOME grant includes salaries or wages charged as direct costs for both employees that are considered single activity employees (they only work on the HOME program) and some that are considered multiple activity employees (they work on the HOME program as well as other County HUD programs). The process, used by the County personnel responsible for managing the HOME grant, for payroll charged to the HOME grant is the same process used by the County for all of its payroll and is the generally accepted practice of the County. For employees who work solely on the HOME grant, the County did not obtain periodic certifications that the employee worked solely on the HOME grant that were signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. The process, used by the County personnel responsible for managing the HOME grant, for allocating salaries and wages among the multiple activities or cost objectives on which the employees worked was for management responsible for the grant to allocate such costs to the grants based on their knowledge of what the employee worked on. The employees do not sign or approve the allocation of their effort to the various grants, activities, or cost objectives.

**Auditee Response/Status:** The County corrected this condition effective January 1, 2014.



**DEKALB COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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**Finding Reference: 2013-009 – Documentation of Payroll – Neighborhood Stabilization Program 3 (NSP)**

**Condition:** The County's NSP-3 grant includes salaries or wages charged as direct costs for employees that are considered single activity employees (they only work on the NSP-3 program). The process, used by the County personnel responsible for managing the NSP-3 grant, for payroll charged to the NSP-3 grant is the same process used by the County for all of its payroll and is the generally accepted practice of the County. The County did not obtain periodic certifications that the employee worked solely on the NSP-3 grant which were signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

**Auditee Response/Status:** The County corrected this condition effective January 1, 2014.

**Finding Reference: 2013-010 – Davis Bacon Act – Highway Planning and Construction**

**Condition:** Internal controls were not sufficient to enable the County to obtain the weekly certified payrolls as required. The County did not obtain two (2) of the four (4) weekly certified payroll report samples we selected for testing, and as such, the County was non-compliant with the requirements of the Davis Bacon Act. Also, we noted payroll reports are not reviewed by anyone at the County prior to disbursing payments to the contractors.

**Auditee Response/Status:** The County corrected this condition during fiscal year 2014.

**Finding Reference: 2013-011 – Suspension and Debarment – Law Enforcement Confiscated Assets**

**Condition:** During our testing of the Confiscated Assets program, it was discovered that the County did not verify whether three contractors were noted as excluded on the Federal government's suspension and debarred lists and did not include the appropriate language in the contracts with those vendors.

**Auditee Response/Status:** The County did not correct this condition. Repeat finding at 2014-008.

**Finding Reference: 2013-012 – Reporting – Law Enforcement Confiscated Assets**

**Condition:** During our testing of the Equitable Sharing Agreements and Certification Forms submitted by the three participating County agencies: Sheriff, Police, and District Attorney, we noted that one of the three forms (from the Sheriff's department) was not submitted timely. Management of the Sheriff's Department did not perform a timely review of the report and therefore, the report was not submitted timely.

**DEKALB COUNTY, GEORGIA**  
**STAUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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**Auditee Response/Status:** The County did not correct this condition. Repeat finding at 2014-009.

**Finding Reference: 2013-013 – Annual Vendor Monitoring – Workforce Investment Act Program (WIA)**

**Condition:** During our review of twelve (12) vendors out of fifty-four (54) approved WIA vendors for the 2013 year, we noted one (1) of the twelve vendors reviewed lacked a 2013 monitoring review on file. The selected vendor was reviewed in January 2014. County did not perform a timely review of a WIA vendor during the year under audit (2013) and therefore, the County is not in compliance with conducting a regular monitoring review for an approved vendor.

**Auditee Response/Status:** The County corrected this condition during fiscal year 2014.

**Finding Reference: 2013-014 – Eligibility – Workforce Investment Act Program (WIA)**

**Condition:** During our review of forty (40) WIA active participant files for the 2013 year, we noted six (6) participant files had incomplete files without a clear recent determination on the participant's case status. Information included in the files was either old (more than one year old and as far back as 2008) or showed evidence of the case being closed out. The County did not ensure that all active WIA participant files were updated with current documentation to support eligibility and therefore, there is the potential that inactive participants could be reported as active participants in performance reporting or that ineligible participants may participate in a WIA program.

**Auditee Response/Status:** The County corrected this condition during fiscal year 2014.

**Finding Reference: 2013-015 – Commingling of Funds – Law Enforcement Confiscated Assets**

**Condition:** During our testing of the requirements of the Confiscated Assets program, we noted that the County did open a separate bank account for the federal Equitable Sharing Program fund in June 2012, as a result of a Department of Justice audit report. However, this account was not utilized until 2013 when the applicable federal program funds were transferred into the new account. During 2013, separate revenue and expenditure tracking was performed by the County on the Equitable Sharing funds, but the County was depositing the federal Equitable Sharing Program funds in both the County's general concentration bank account and the confiscated asset bank account. The County did not fully comply with the federal program requirement related to commingling and could have resulted in funds being spent for non-program purposes.

**Auditee Response/Status:** The County did not correct this condition. Repeat finding at 2014-010.