



DEKALB COUNTY, GEORGIA

Single Audit Reports

December 31, 2011

(With Independent Auditors' Reports Thereon)

DEKALB COUNTY, GEORGIA

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SECTION I



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

The Chief Executive Officer and Honorable Members
of the Board of Commissioners
DeKalb County, Georgia:

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 (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2012. Our report was modified to include a reference to other auditors, and to emphasize certain risks associated with deficits in the County's general fund and in certain major funds and aggregate remaining fund information at December 31, 2011. We conducted our audit 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. Other auditors audited the financial statements of the DeKalb County Board of Health and the DeKalb County Public Library as described in our report on the County's basic 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, 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 material weakness is a deficiency, or combination of



deficiencies, in internal control over financial reporting, such that there is a reasonable probability 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 in the County's internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting 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 2011-3 through 2011-7 to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the County in a separate letter dated June 29, 2012.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Chief Executive Officer and Members of the Board of Commissioners, others within the County, and grantor and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 29, 2012

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2011

Grantor/program title (identifying number)	CFDA no.	Pass-through or grant no.	Expenditures
U.S. Department of Energy:			
Partnership for Clean Transportation and Environment	81.086	DE-EE0000370	\$ 1,620,121
ARRA-Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000804	2,475,909*
Total U.S. Department of Energy			<u>4,096,030</u>
U.S. Department of Homeland Security:			
SAFER – Assistance to Firefighters Grant	97.044	EMW 2008-FF-00977	910,415
Passed-through Georgia Emergency Management Agency:			
Flood Mitigation Assistance	97.029	FEMA-PDMC-PJ-04-GA-2007-05	397,782
Flood Mitigation Assistance	97.029	GEMA-HMGP-1686-0009	319,601
Total Flood Mitigation			<u>717,383</u>
Hazard Mitigation	97.039	HMGP-1686-0029	22,559
Emergency Management Performance Grants	97.042	P09-9-046	50
Emergency Management Performance Grants	97.042	OEM10-046	93,546
Emergency Management Performance Grants	97.042	OEM11-046	1,502
Total Emergency Management Performance Grants			<u>95,098</u>
FEMA Assist Firefighters	97.047	PDMC-PJ-04-GA-FY2007-006	157,026
State Homeland Security	97.073	2007-GE-T7-0054	746,627
State Homeland Security	97.073	2008-GE-T8-0017	23,523
State Homeland Security	97.073	2008-GE-T8-0017	202,993
State Homeland Security	97.073	2008-GE-T8-0017	15,854
State Homeland Security	97.073	2009-SS-T9-0047	19,562
State Homeland Security	97.073	2008-GE-T8-0017	330,700
State Homeland Security	97.073	2010-SS-TO-0034	4,216
State Homeland Security	97.073	2009-SS-T9-0047	21,849
Total State Homeland Security			<u>1,365,324</u>
Buffer Zone Protection Program	97.078	2008-BZ-T8-0034	644
Buffer Zone Protection Program	97.078	2008-BZ-T8-0034	84,333
Buffer Zone Protection Program	97.078	2008-BZ-T8-0034	11,399
Total Buffer Zone Protection Program			<u>96,376</u>
Repetitive Flood Claims	97.092	FEMA-1858-DR-GA-AP	609,558
Total Georgia Emergency Management Agency			<u>3,063,324</u>
Total U.S. Department of Homeland Security			<u>3,973,739</u>
U.S. Department of Health and Human Services:			
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	5 H 79 SM 058056-03	184,363
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	1H79TI019971-01	276,293
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	1H79TI019971-01	50,910
Total Substance Abuse and Mental Health Services			<u>511,566</u>
ARRA – Mentoring Children of Prisoners	93.616	90 SN 0020/01	140,826
Aging Cluster:			
Passed-through State of Georgia Department of Human Resources (DHR):			
Passed-through Atlanta Regional Commission (ARC)			
Nutrition Services Incentive Program	93.053	AG0937 NHD2908ANH	389,406
Special Programs of the Aging – Title III Part C (10-11)	93.045	AG0937 NHD2 908ANH	537,519
Aging Services	93.044	AG0937 NHD2908ANH	478,811
Total Aging Cluster			<u>1,405,736</u>
Passed-through Governor’s Office for Children and Families:			
Temporary Assistance for Needy Families	93.558	CC11-01-003	231,086
Passed-through Georgia Department of Health and Human Services:			
Child Support Enforcement	93.563	401-000000-4815 (Jan – Jun 2011)	466,028
Child Support Enforcement	93.563	401-000000-8429 (Jul – Dec 2011)	495,151
Total Georgia Department of Health and Human Services			<u>961,179</u>
Passed-through Office of National Drug Control Policy:			
Drug Free Communities Support Program Grant – 2009	93.276	G09GA002A	129,022
Drug Free Communities Support Program Grant – 2010	93.276	G10GA0002A	117,147
Total Office of National Drug Control Policy			<u>246,169</u>
Passed-through Georgia Department of Health and Behavioral Disabilities:			
Behavioral Disabilities – 2010			47,500
Behavioral Disabilities – 2011			46,047
Total Georgia Department of Health and Behavioral Disabilities			<u>93,547</u>
Total U.S. Department of Health and Human Services			<u>3,590,109</u>

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2011

Grantor/program title (identifying number)	CFDA no.	Pass-through or grant no.	Expenditures
U.S. Department of Housing and Urban Development:			
CDBG Entitlement Grant Cluster:			
CDBG INTEREST (600530)	14.218	B-04-UC-13-0001	\$ 325*
CDBG 2005 (600539)	14.218	B-05-UC-13-0001	52,479*
CDBG 2007 (600814)	14.218	B-07-UC-13-0001	33,480*
CDBG 2008 (600901)	14.218	B-08-UC-13-0001	611,473*
CDBG 2009 (601009)	14.218	B-09-UC-13-0001	980,434*
CDBG 2009 PI (601011)	14.218	B-09-UC-13-0001	30,881*
CDBG 2010 PI (601128)	14.218	B-10-UC-13-0001	2,913,319*
CDBG 2010 PI (601100)	14.218	B-10-UC-13-0001	147,924*
CDBG 2011 (601241)	14.218	B-10-UC-13-0001	2,905,620*
FORECLOSURE REGISTRY (601201)	14.218	B-08-UN-13-0003	31,787*
FORECLOSURE REGISTRY (601202)	14.218	B-08-UN-13-0003	76,299*
Neighborhood Stabilization Program Grant:			
NSP (600984)	14.256	B-08-UC-13-0008	2,381,304*
NSP 1 Program Income (601200)	14.256	B-08-UN-13-0003	2,141,736*
Total Neighborhood Stabilization Program Grant			4,523,040*
Total Community Development Block Grant			12,307,061*
ARRA CDBG-R 2009 (601033)	14.253	B-09-UY-13-0001	559,476*
Total CDBG Entitlement Grant Cluster			12,866,537*
Emergency Shelter Grant Program:			
ESGP-2009 (601008)	14.231	S-09-UC-13-0009	1,510
ESGP-2010 (601142)	14.231	S-10-UC-13-0009	183,518
ESGP-2011 (601266)	14.231	E-11-UC-13-0009	65,477
Total Emergency Shelter Grant Program			250,505
HOME Investment Partnership:			
HOME 2006 (600683)	14.239	M-06-UC-13-0208	307,205
HOME 2008 (600899)	14.239	M-08-UC-13-0208	847,739
HOME 2009 (601010)	14.239	M-09-UC-13-0208	1,282,887
HOME 2010 PI (601232)	14.239	M-09-UC-13-0208	455,261
HOME PI (601114)	14.239	M-10-UC-13-0208	161,586
HOME PI 2011 (601218)	14.239	M-10-UC-13-0208	138,089
Total HOME Investment Partnership Program			3,192,767
ARRA Homelessness Prevention and Rapid Re-housing Program (HPRP) 2009 (601016)	14.257	S09-UY-13-009	933,462
Total U.S. Department of Housing and Urban Development			17,243,271
U.S. Department of Justice (DOJ):			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0284	3,752
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0240	114,559
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1437	173,606
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3460	7,584
Total Edward Byrne Memorial Justice Assistance Grant Program			299,501
Supervised Visitation – Safe Haven for Children	16.527	2009-CW-AX-K012	139,135
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2010-WE-AX-0062	245,349
State Criminal Alien Assistance Program	16.606	115-0404-0-1-754	11,361
State Criminal Alien Assistance Program	16.606	115-0404-0-1-754	208,607
Total State Criminal Alien Assistance Program			219,968
Bulletproof Vest Partnership Program – 2007 Police	16.607	2007-BO-BX-0703-9098	44
Bulletproof Vest Partnership Program – 2009 Police	16.607	2009-BO-BX-0904-9122	25,833
Total Bulletproof Vest Partnership Program			25,877
ARRA-Public Safety Partnership and Community Policing Grant	16.710	2009RJWX0037	626,952
Passed through Criminal Justice Coordinating Council:			
ARRA – CJCC IJIS DA (601103)	16.803	B82-8-287	106,622
ARRA – Edward Byrne Memorial Justice Assistance Grant Program – District Attorney	16.804	2009-SB-B9-0289	137,344
ARRA – Edward Byrne Memorial Justice Assistance Grant Program – Sheriff	16.804	2009-SB-B9-0289	153,901
ARRA – Edward Byrne Memorial Justice Assistance Grant Program – Solicitor	16.804	2009-SB-B9-0289	46,302
ARRA – Edward Byrne Memorial Justice Assistance Grant Program – Juvenile	16.804	2009-SB-B9-0289	138,688
ARRA – Edward Byrne Memorial Justice Assistance Grant Program – Marshall	16.804	2009-SB-B9-0289	34,951
Total ARRA Edward Byrne Memorial Justice Assistance Grant Program			617,808
Second Chance Act Prisoner Reentry Initiative	16.812	2010-CZ-BZ-0110	322,147
Passed-through Criminal Justice Coordinating Council:			
VAWA CASE MANAGEMENT SYSTEM 2010	16.014	W09-8-049	24,999
2011 CJCC VAWA	16.014	W10-8-051	50,786
Crime Victim Assistance	16.575	2002-VA-GX-0013	18,956
Crime Victim Assistance	16.575	C10-8-057	74,505

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2011

Grantor/program title (identifying number)	CFDA no.	Pass-through or grant no.	Expenditures
Crime Victim Assistance	16.575	C10-8-056	\$ 92,752
Crime Victim Assistance	16.575	C11-8-038	40,457
Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0095	93,929
2011 RSAT – CJCC	16.593	R09-8-002	18,344
Total Criminal Justice Coordinating Council			<u>414,728</u>
Passed-through Council of Juvenile Court Judges:			
Juvenile Accountability Block Grant	16.523	JB-08ST-0002	7,095
Juvenile Accountability Block Grant	16.523	JB-09ST-0004	336
Total Council of Juvenile Court Judges			<u>7,431</u>
Passed-through Children and Youth Coordinating Council:			
Juvenile Accountability Block Grant	16.523	JB-08FM-0003	15,449
Juvenile Accountability Block Grant	16.523	JB-09FM-0005	8,850
Total Children and Youth Coordinating Council			<u>24,299</u>
Total Juvenile Accountability Block Grant			<u>31,730</u>
U.S. Department of Justice – Federal Forfeiture (Confiscated Funds):			
Police	16.000	N/A	1,319,838*
Sheriff	16.000	N/A	215,122*
DA	16.000	N/A	7,466*
Total Federal Forfeiture (Confiscated Funds)			<u>1,542,426*</u>
Total U.S. Department of Justice			<u>4,485,621</u>
U.S. Department of Labor:			
Passed-through Georgia Department of Labor:			
Workforce Investment Act (WIA) Cluster:			
WIA-Adult FY 10 (601082)	17.258	11-10-11-03-005	773,529*
WIA-Adult FY 11 (601183)	17.258	11-11-11-03-005	1,282,926*
WIA-Adult FY 12 (601281)	17.258	11-12-11-03-005	78,185*
ARRA WIA-Adult Services (601014)	17.258	32-09-11-03-005	234,736*
Total WIA – Adult			<u>2,369,376*</u>
WIA Youth FY09 (601043)	17.259	15-08-11-03-005	508,540*
WIA Youth PY 10 (601136)	17.259	15-09-11-03-005	1,012,104*
WIA Youth PY 11 (601240)	17.259	15-11-11-03-005	629,860*
Total WIA Youth			<u>2,150,504*</u>
WIA-Dislocated Worker FY 10 (601083)	17.260	31-10-11-03-005	306,917*
WIA-Dislocated Worker PY 10 (601159)	17.260	10-10-11-03-005	319,917*
WIA-Dislocated Worker PY 10 (601160)	17.260	30-10-11-03-005	448,539*
WIA-Dislocated Worker FY 11 (601184)	17.260	31-11-11-03-005	999,420*
WIA-Dislocated Worker PY11 (601247)	17.260	10-11-11-03-005	126,194*
WIA-Dislocated Worker (601248)	17.260	30-11-11-03-005	354,124*
ARRA WIA-Dislocated Worker FY09 (601015)	17.260	34-09-11-03-005	237,096*
Total WIA – Dislocated Worker			<u>2,792,207*</u>
Total Workforce Investment Act Cluster			<u>7,312,087*</u>
Total U.S. Department of Labor			<u>7,312,087</u>

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2011

Grantor/program title (identifying number)	CFDA no.	Pass-through or grant no.	Expenditures
U.S. Department of Transportation: Passed-through Georgia Department of Transportation Airport Improvement Program	20.106	AP-9016-45(089)	\$ 807,249
			<u>807,249</u>
Passed-through Atlanta Regional Commission: ARRA-Highway Planning and Construction	20.205	CSTEE-0008-00(115), PI 0008115	85,571*
ARRA-Highway Planning and Construction	20.205	CSTEE-0008-00(119), PI0008119	65,274*
ARRA-Highway Planning and Construction	20.205	CSSTP-0008-00(902) PI 0008902	1,048,972*
ARRA-Highway Planning and Construction	20.205	UP 1016.1	53,221*
ARRA-Highway Planning and Construction	20.205	CSCMQ-0006-00*810	526,639*
Total Atlanta Regional Commission			<u>1,779,677*</u>
Passed-through Georgia Department of Transportation: Highway Planning and Construction	20.205	STATE – LCI STP-0006-00268	1,132,775*
Highway Planning and Construction	20.205	P.I 4408 11.12,14-24,29-31	83,424*
Highway Planning and Construction	20.205	PROJ#4-089-04-05	1,448,044*
Highway Planning and Construction	20.205	P. I. 0008401	81,624*
Highway Planning and Construction	20.205	GDOT TIP PI 0008216	347,929*
Highway Planning and Construction	20.205	CS0T0SIG110139/CS0T0SIG	368,205*
Highway Planning and Construction	20.205	P.I.0008044	297,323*
Highway Planning and Construction	20.205	000600880, 600879, 600890, 500905	6,420*
Highway Planning and Construction	20.205	PI004416-000419,0004831	82,462*
Highway Planning and Construction	20.205	CS0T0SIG110117	258,245*
Total Georgia Department of Transportation			<u>4,106,451*</u>
Passed-through Governor's Office of Highway Safety: State and Community Highway Safety	20.600	GA-2011-44-00397	44,359
State and Community Highway Safety	20.600	GA-2012-44-00364	5,362
State and Community Highway Safety	20.610	GA-2010-000-00468	4,189
State and Community Highway Safety	20.610	GA-2011-000-00433	62,000
Total Governor's Office of Highway Safety			<u>115,910</u>
Passed-through Georgia Emergency Management Agency: Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	OHM10-012	4,000
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	OHM110-012	1,515
Total Georgia Emergency Management Agency			<u>5,515</u>
Passed-through Department of Motor Vehicle Safety: 2009 MCSAP (601085)	20.218		31,191
U.S. Department of Transportation – Federal Transit Administrator MARTA FREEDOM PROGRAM – NEW FREEDOM PROGRAM	20.521		38,097
Total U.S. Department of Transportation			<u>6,884,090</u>
U.S. Department of Agriculture: Passed-through Office of School Readiness: National School Lunch Program	10.555	08025 PY 2011	505,606
National Resource Conservation Services	10.069	65-4310-10-418	1,470
Total U.S. Department of Agriculture			<u>507,076</u>
U.S. Environmental Protection Agency: Georgia Environmental Facilities Authority	66.458	CSWSRF 09-089	987,769
Total federal expenditures			<u>\$ 49,079,792</u>

* Denotes major program.

See accompanying notes to schedules of expenditures of federal and state of Georgia awards.

DEKALB COUNTY, GEORGIA

Schedule of Expenditures of State of Georgia Awards

Year ended December 31, 2011

<u>Grantor/program title</u>	<u>Pass-through or grant no.</u>	<u>Expenditures</u>
Georgia Department of Motor Vehicle Safety: 2008 MCSAP (600969)	MC-09-13-1	\$ 9
Atlanta Regional Commission (ARC State): ARC STATE MATCH 2010-2011 (601133)	AG0937 NHF2 908ANH	440,569
Georgia Department of Human Resources (GDHR): UIFSA Child Support Enforc/State	42700-401-000000-3125 (Jan – June 2011)	178,720
UIFSA Child Support Enforc/State	401-000000-4815 (Jul – Dec 2011)	194,369
Total Georgia Department of Human Resources		<u>373,089</u>
Council of Superior Court Judges (CSCJ): 2010 JUDICIAL COUNCIL OF GA (601151)	0000014590	36,599
2011 – 2012 JUDICIAL COUNCIL OF GA (601246)	000002011	25,605
Total CSCJ		<u>62,204</u>
Judicial Council of Georgia Rebound (601257)	18996	7,641
Supreme Court of Georgia: Committee on Justice for Children J4C Rebound S.C.G.A J4CH Rebound (601152)	18996	19,882
Committee for Children (J4C) and AOC S.C.G.A J4C (601141)	18996	4,168
Total Supreme Court of Georgia		<u>24,050</u>
Superior Court of Georgia: Police		183,464
District Attorney		41,122
Marshall		1,379
Total Superior Court of Georgia		<u>225,965</u>
Total state of Georgia expenditures		\$ <u><u>1,133,527</u></u>

See accompanying notes to schedules of expenditures of federal and state of Georgia awards.

DEKALB COUNTY, GEORGIA

Notes to Schedules of Expenditures of Federal and State of Georgia Awards

Year ended December 31, 2011

(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, 2011, include the operations of the DeKalb County Board of Health. The accompanying schedules of expenditures of federal and state of Georgia awards do not include federal and state of Georgia 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 schedules of expenditures of federal and state of Georgia awards present the federal and state of Georgia financial assistance programs administered by the County, and do not reflect the federal and state of Georgia financial assistance programs administered by the DeKalb County Board of Health.

The accompanying schedules of expenditures of federal and state of Georgia awards are 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 schedules of expenditures of federal and state of Georgia awards.

Grant programs that did not have 2011 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 2011 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.

DEKALB COUNTY, GEORGIA

Notes to Schedules of Expenditures of Federal and State of Georgia Awards

Year ended December 31, 2011

(2) Subrecipients

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

Federal program/subrecipient	Amount
Community Development Block Grant CFDA #14.218	\$ 757,907
HOME Investment Grant CFDA #14.239	1,865,746
Emergency Shelter Grant CFDA #14.231	248,173
Workforce Investment Agency Cluster CFDA #17.258, 17.259, 17.260	874,119
Total	\$ <u>3,745,945</u>

(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, 2011 is as follows:

Program title	CFDA number	Amount outstanding
Home Investment Grant	14.239	\$ 8,442,204
Community Development Block Grant	14.218	1,554,837

SECTION II



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**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program
and on Internal Control over Compliance in Accordance with
OMB Circular A-133**

The Chief Executive Officer and Honorable Members
of the Board of Commissioners
DeKalb County, Georgia:

Compliance

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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's financial statements include the operations of the DeKalb County Board of Health, which received a total of \$10,344,481 in federal financial assistance in their most recently issued schedule of expenditures of federal awards. 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 the Single Audit Act.

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. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in items 2011-8, 2011-9 and 2011-12 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding, subrecipient monitoring and special tests and provisions that are applicable to its Workforce Investment Act Program nor the requirements regarding reporting that are applicable to its Community Development Block Grant programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.



In our opinion, except for the noncompliance described in the preceding paragraph, 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 major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, 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 2011-11, 2011-13, 2011-14 and 2011-15.

Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-8, 2011-9, and 2011-12 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 2011-11, 2011-13 and 2011-14 to be significant deficiencies.

Schedules of Expenditures of Federal and State of Georgia Awards

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 December 31, 2011, and have issued our report thereon dated June 29, 2012, which was modified to refer to the work of other auditors and to emphasize certain risks associated with deficits in the County's general fund and in certain major funds and aggregate remaining fund information at December 31, 2011. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. We have not performed any additional procedures with respect to the audited financial statements subsequent



to June 29, 2012. The accompanying schedules of expenditures of federal and state of Georgia awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the state of Georgia, 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 basic 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

* * * * *

This report is intended solely for the information and use of management, the Chief Executive Officer and Members of the Board of Commissioners, others within the County, and grantor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 27, 2012, except as to the paragraph relating to the Schedule
of Expenditures of Federal and State of Georgia
Awards, which is as of June 29, 2012

SECTION III

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

(1) Summary of Auditor's Results

- (a) The type of report issued on the financial statements: **unqualified opinion**
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: **yes – See Findings 2011-3 through 2011-7**
Material weaknesses: **yes – See Finding 2011-1 and 2011-2**
- (c) Noncompliance which is material to the financial statements: **no**
- (d) Significant deficiencies in internal control over major programs: **yes – See Findings 2011-11, 2011-13 and 2011-14**
Material weaknesses: **yes – See Findings 2011-8, 2011-9, and 2011-12**
- (e) The type of report issued on compliance for major programs: **qualified (CFDA#'s 14.218, 14.253, 17.258, 17.259, 17.260); unqualified (CFDA#'s 16.000, 81.128, 20.205)**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **yes – See Findings 2011-8, 2011-9, 2011-11 through 2011-15**
- (g) Major Programs:

Federal Forfeiture (Confiscated Funds)	CFDA # 16.000
Community Development Block Grant	
Entitlement Grant Cluster	CFDA # 14.218, 14.253
Workforce Investment Act Program Cluster	CFDA # 17.258, 17.259, 17.260
ARRA – Energy Efficiency and Conservation	
Block Grant	CFDA # 81.128
Highway Planning and Construction Cluster	CFDA # 20.205
- (h) Dollar threshold to distinguish between Type A and Type B programs: \$1,772,037
- (i) Audit qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **no**

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

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-1

Preparation of the Comprehensive Annual Financial Report

Criteria

The Comprehensive Annual Financial Report (CAFR) is the County's official document which consists of management's representations concerning the finances of the County

Condition, Cause, and Effect

We continue to note deficiencies in the County's process of preparing the CAFR which are summarized below:

- The County employs a manual process for preparing its annual CAFR which largely resides outside of the general ledger accounting system. Management relies on a number of linked Excel spreadsheets to create the CAFR and records a significant number of "CAFR adjustments" to bridge from the general ledger to the final CAFR report. Such a process introduces the risk of material financial reporting errors. Specifically, this process requires close attention and an in-depth and intricate knowledge and understanding of how each of the manual entries and components is intended to roll-up into the final CAFR. Although we noted improvement in this area, the current process in-place requires enhancement.

Recommendation

We recommend that the County employ a more automated process relative to the annual preparation of the CAFR such that the need for significant adjustments outside of the general ledger is mitigated. To the extent that CAFR adjustments remain a component of the County's financial reporting process, it is critical that those responsible for the completeness and accuracy of the CAFR more fully understand how each adjustment should be reflected in the final report.

Management's Response

We concur with the recommendation that the CAFR preparation process needs to be automated where possible. DeKalb County's Comprehensive Annual Financial Report is an extensive report that has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for 36 consecutive years. Senior management expends considerable time and effort in reviewing this document and acknowledges the process can be improved. The Finance Department is working with Information Technology to implement several high priority related projects including upgrading of the Oracle financial information system. The Finance staff is reviewing CAFR software options to improve this process based on available budgetary funding. Due to recent budget reductions and the priority Oracle upgrades, the County does not plan to make this change in the near future but does see it as a long term goal for improvement.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-2

Accounts Payable

Criteria

Proper recording of accounts payable is a crucial component of financial reporting.

Condition, Cause, and Effect

We noted the County accrued certain items with 2011 invoice dates, however upon review of the invoices, the items on the invoice were related to fiscal year 2012. We further noted the County did not properly accrue certain items with 2012 invoice dates that related to 2011 receipt of goods and services.

Recommendation

We recommend the County strengthen its review of invoices that are paid subsequent to fiscal year end to ensure items are recorded in the proper reporting period.

Management's Response

We concur with this recommendation. The County implemented new procedures in 2011 to manually review invoices. There is a high volume of invoices that require review during the year end close out process. Management is developing training documentation to provide accounts payable staff with appropriate guidance for identifying accruals.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2010-3

Capital Assets

Criteria

Capital assets totaled approximately \$2.8 billion at December 31, 2011.

Condition, Cause, and Effect

We note the following opportunities for process enhancement in this area relative to utilizing existing automated options:

- The fixed asset sub ledger is not routinely being reconciled to the general ledger accounts for most types of capital assets, vehicles being the most notable exception. We further noted that capital assets are not reconciled to the projects and grants module within the Oracle system.
- No automated detailed asset listing exists for capital asset additions.
- No asset by asset listing of current year depreciation expense exists in the module. Depreciation expense is calculated in an excel spreadsheet format for capital assets other than vehicles.
- The fixed asset module within the IT system is not being utilized to calculate depreciation expense for all capital assets; rather, at year-end, the calculated depreciation from the spreadsheet is recorded in the general ledger through a journal entry. This manual intervention increases the risk of error and reduces the efficiencies that would be gained from a more automated and integrated process.

Recommendation

We recommend that the fixed asset sub ledger and the general ledger system be reconciled monthly to more accurately reflect capital assets and that a monthly report be produced to adequately track additions to capital assets, which would aid in the capital asset reconciliation. Further, the amounts recorded as capital outlay in the general ledger should be reconciled to the project and grants module to ensure capital assets are accurately recorded. We further recommend that the County utilize the automated depreciation expense calculation functionality within the fixed asset module. This will ensure automation of the depreciation calculation and minimize the potential for clerical errors.

Management's Response

Management recognizes the deficiency in this area. The fixed asset module in the Oracle financial application should be utilized for depreciation calculation for all fixed assets. Staff is working to reconcile the general ledger to the projects and grants module to ensure capital assets are accurately recorded. The Finance department is working with Information Technology to implement several high priority related projects including an upgrade to the Oracle system. Enhancing automation in this area and using the financial system more efficiently will allow for a monthly reconciliation process with the accounts payable module and the project and grants module.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-4

Journal Entries

Criteria

Well designed and executed controls over journal entries are essential to detect and prevent erroneous and/or fraudulent adjustments to the financial statements, as well as to effectively deter management override in this area.

Condition, Cause, and Effect

We noted instances whereby journal entries are created and posted by the same individual, resulting in a lack of segregation of duties. In addition, we noted certain journal entries that were posted without any indication that proper approvals were obtained. Lack of appropriate controls in this area could lead to undetected journal entry errors as well as introduces increased risk of management override.

Recommendation

We recommend that management strengthen controls around segregation of duties relative to creating and posting journal entries, as well as ensure that proper documentation of journal entry approvals is maintained.

Management's Response

We concur with this recommendation and the need to maintain a segregation of duties where feasible. In recent years, the staffing levels have been decreased or limited. These staffing limitations have created occasions in which journal entries were created and posted by the same person. However, this is on a limited basis and the staff works to minimize these occurrences.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-5

Access to Programs and Data

Criteria

Access to the County's IT system should be restricted and duties should be adequately segregated to help ensure integrity of computerized information.

Condition, Cause, and Effect

We noted the County's IT security policy does not address account lock out for failed login attempts. We noted that developers have inappropriate access to administrative rights in Oracle and one developer had inappropriate administrative rights in CPAK. Further, during our testing of billing in CPAK, we noted several personnel with inappropriate access to change the approved rates in the water rate table within CPAK, which could potentially impact the billings. We also noted that access reviews were only performed once during the year rather than periodically throughout the year. Additionally, we noted that active users were not reviewed for appropriateness based on job function; rather only terminated users were reviewed and documentation was retained only for the terminated users identified. Further, we noted that a segregation of duties review does not exist for Oracle, PeopleSoft, Oasis, and CPAK users. These deficiencies increase the risk of an individual gaining unauthorized access to the County's critical IT systems.

Recommendation

We recommend the County implement the recommendations below to mitigate the risk of inappropriate system access and risk of an individual gaining access through another's login identity.

- Establish an account lock out policy for failed log in attempts.
- Retain documentation of access reviews.
- Implement process and procedure to identify and remove users with inappropriate access.
- Request an effective date and end date for 'Outside Consultants' who request access to the IT systems.
- Perform a periodic segregation of duties review for significant financial applications.

Management's Response

The County concurs that improvements are needed in these areas. Information Technology will add language on failed log in attempts to the Network Access Policy during 2012. Documentation of access reviews requires extensive documentation and past audits have shown that many users are cross functional. IT will assist department system administrators in removing and modifying users' access. IT will request and monitor effective and end dates of outside consultants requesting access to County systems. Segregation of duties is being reviewed as a part of the current Oracle system upgrade to enhance internal control and productivity. Changes will be implemented through department system administrators.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-6

Program Change

Criteria

The County has IT change management policies and procedures in place to mitigate the risk of unauthorized program changes.

Condition, Cause, and Effect

We noted a log of 30 days of successful and failed back up is retained for Oasis; however, no documentation exists as to whether backups were successful for the entire year. For PeopleSoft, we noted a daily backup log of the past 5 days and a monthly backup log is maintained. There was documentation that the monthly backups were successful for the year, but no evidence for daily backups.

Recommendation

We recommend that the County maintain a log for the full year for successful and failed daily backups for the Oasis and PeopleSoft systems.

Management's Response

We concur with the recommendation. The Information Technology Department will put procedures in place to ensure that all change management policies and procedures are followed for Oasis. Currently, each daily backup creates a log file in which it states if the backup was successful or not. The log file is overwritten each day and a history is not maintained. IT will modify the backup script to email each daily log file to our DBAs to be maintained for a full year which will provide a history of successful and failed daily backups.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-7

Lack of End-User Computing Controls

Criteria

Policies around financial reporting spreadsheets the County prepares should exist to help ensure the integrity of the reports.

Condition, Cause, and Effect

Although the County uses various Excel spreadsheets to calculate financially significant data, there are no formalized policies and procedures in place relative to end-user computing. Changes to End-User Reports are not traced and testing of reports is not maintained. Failure to establish and implement appropriate policies and procedures as described above could potentially compromise the integrity of information in spreadsheets used for financially significant data.

Recommendation

We recommend the County create and implement an End-User Reports policies and procedures document, which addresses the following areas: Access, Change Management, and Testing/Verification. We also recommend the County track the changes made to critical End-User Reports and that the County verify (test) changes made to such End-User Reports and perform backups as outlined in existing IT policy.

Management's Response

We concur with this recommendation. Throughout the county there are departments utilizing spreadsheets and databases for critical County information. Information Technology is not always aware or notified about these data files and their uses. When critical information is identified, Information Technology works to move such data files (spreadsheets, databases, etc.) to a customized program or an existing ERP application under Information Technology's oversight to ensure security and integrity of the data. IT will include end-user reports as part of our Change Management Procedure in which we will:

1. Create a change order for each end-user report and generate a network folder that will house all documents pertaining to that report. This folder will be backed up daily.
2. Outline business needs and specifications in a single document approved by the user.
3. Develop, test, and move report to production.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

(3) Findings and Questioned Costs Relating to Federal Awards

Finding 2011-8

Special Tests and Provisions for Awards with ARRA Funding – Subrecipient Monitoring

Federal Agency: U.S. Department of Labor
Program: Workforce Investment Act Program Cluster (WIA)
ARRA WIA Adult
ARRA WIA Dislocated Worker
CFDA #: 17.258, 17.259, and 17.260
Award #: 32-09-11-03-005, 34-09-11-03-005
Award year: 2008 – 2011

Criteria

As stated in 2 CFR Section 176.210, recipients must separately identify to each subrecipient, and document at the time of subaward and disbursement of funds, the Federal award number, the CFDA number, and the amount of ARRA Funds.

Condition

The County has five subrecipients under the ARRA WIA Adult and WIA Dislocated Workers programs. During our review, we noted that four of the five subrecipient agreements did not have the federal number or the CFDA number included in the agreement, nor was it part of the request for proposal as required.

Cause and Effect

The County did not appear to have a systematic process for review of contracts with subrecipients. As a result, the contracts referred to herein did not contain all required elements.

Questioned Cost

None.

Recommendation

The County should implement a more robust process to review contracts with subrecipients to ensure all required elements are included in the contract.

Management Response

The County concurs with the need to improve subrecipient contract review. The appropriate departmental personnel have been notified and immediate action has taken place to implement procedures to include the Federal and the CFDA numbers on all contracts and request for proposals.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-9

Subrecipient Monitoring

Federal Agency: U.S. Department of Labor

Program: Workforce Investment Act Program Cluster (WIA)

WIA Adult

ARRA WIA Adult

WIA Youth

ARRA WIA Youth

WIA Dislocated Worker

ARRA WIA Dislocated Worker

CFDA #: 17.258, 17.259, and 17.260

Award #: 11-10-11-03-005, 11-11-11-03-005, 11-12-11-03-005, 32-09-11-03-005, 15-08-11-03-005, 15-09-11-03-05, 15-11-11-03-005, 31-10-11-03-005, 10-10-11-03-005, 30-10-11-03-005, 31-11-11-03-005, 10-11-11-03-005, 30-11-11-03-005, 34-09-11-03-005

Award year: 2008 – 2011

Criteria

As stated in 20 CFR Section 667.400, recipients must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine whether or not there is compliance with provisions of the Act and applicable laws and regulations and provide technical assistance as necessary and appropriate.

Condition

During our review of 40 subrecipients from the WIA program, we noted the County did not have audit reports or Certificate of Exemptions for 17 subrecipients and there were no monitoring reports for 27 subrecipients.

Cause and Effect

The County does not appear to have a systematic process for ensuring proper documentation of monitoring of subrecipients. As a result, the County did not have monitoring reports completed and signed, nor was proper review of subrecipients' audit reports performed during 2011.

Questioned Cost

None.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Recommendation

The County should strengthen its controls around subrecipient monitoring by ensuring a management review of monitoring reports is performed. This would help to ensure all subrecipients are being monitored timely and proper documentation is on file.

Management Response

The County concurs with this recommendation. Effective 2011, DeKalb Workforce Development implemented monitoring of all subrecipient contracts where service activities (services provided to WIA participants) occur. However, prior to 2011, EPL contracts were not executed through the County. Therefore these were not required for WIA pre-authorized vendors.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-11

Procurement

Federal Agency: U.S. Department of Labor

Program: Workforce Investment Act Program Cluster (WIA)

WIA Adult

ARRA WIA Adult

WIA Youth

ARRA WIA Youth

WIA Dislocated Worker

ARRA WIA Dislocated Worker

CFDA #: 17.258, 17.259, and 17.260

Award #: 11-10-11-03-005, 32-09-11-03-005, 15-07-11-03-005,
15-08-11-03-005, 15-09-11-03-05, 15-11-11-03-005,
31-10-11-03-005, 10-10-11-03-005, 30-10-11-03-005,
31-11-11-03-005, 10-11-11-03-005

Award year: 2008 – 2011

Criteria

As stated in 2 CFR Section 215.45 and 215.46, written contracts must exist to support procurement activity.

Condition

During our review of vendors with expenditures greater than \$25,000, we noted the County did not have contracts for 4 of the 11 vendors tested.

Cause and Effect

The County was unable to locate the contract files for the vendors selected for testing.

Questioned Cost

None.

Recommendation

The County should strengthen internal controls around the procurement process to ensure that all contracts are properly executed for expenditures to vendors greater than \$25,000.

DEKALB COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
Year ended December 31, 2011

Management's Response

The County concurs with the need to strengthen internal controls for the procurement of contracts in excess of \$25,000. The County will train departmental and procurement personnel on the requirements for vendor contracts in excess of this threshold.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-12

Reporting

Federal Agency: U.S. Department of Housing and Urban Development
Program: Community Development Block Grant
ARRA Community Development Block Grant-R
CFDA #: 14.218
14.253
Award #: B-09-UY-13-0001
Award year: 2005 – 2011

Criteria

A new federal grant awarded as of October 1, 2010 is subject to Federal Funding Accountability and Transparency Act (FFATA) sub-award reporting requirements. The prime awardee is required to file a FFATA sub-award report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$25,000.

Condition

During our review reports submitted by the County for the CDGB program, we noted that the County did not submit any reports required under the Federal Funding Accountability and Transparency Act.

Cause and Effect

Management was not aware of the FFATA reporting requirements and did not know who was the responsible party for submission, therefore, they did not submit any reporting as required.

Questioned Cost

None.

Recommendation

The County should strengthen internal controls around management review of reporting to ensure that all necessary reports are properly prepared and submitted timely.

Management Response

The County concurs with the recommendation to strengthen internal control for reporting. The Finance Department and appropriated departments are working on development of procedures and process to comply with FFATA requirements.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-13

Reporting

Federal Agency: U.S. Department of Transportation
Program: Highway Planning and Construction
ARRA Planning and Construction
CFDA #: 20.205
Award #: CSTE-0008-00(115), PI 0008115; CSTE-0008-00(119),
PI0008119; CSSTP-0008-00(902) PI 0008902;
CSSTP-0008-00(902) PI 0008902; UP 1016.1;
CSCMQ-0006-00*810
Award year: 2008 – 2011

Criteria

Under the American Reinvestment and Recovery Act (ARRA), the County is required to submit the Form 1589 Monthly Employment Report to the Georgia Department of Transportation by the 10th day after month-end.

Condition

During our review of all 22 reports submitted during 2011, we noted 5 reports were not submitted by the 10th day following month end.

Cause and Effect

Management received several items from its subcontractors late and therefore, their respective reporting was delayed.

Questioned Cost

None.

Recommendation

The County should strengthen internal controls around subcontractors reporting to ensure that all necessary information is received to allow for the timely submission of required reports.

Management Response

The County concurs with the recommendation to strengthen internal controls for subrecipient monitoring. On future projects, the County will communicate to contractors the importance of meeting Form 1589 Monthly Employment Report requirements. This information will be reviewed during the pre-bid meeting, so that potential contractors are aware of the reporting requirements prior to bidding the project. Monthly invoice payments will require verification of the Monthly Employment Report submission.

DEKALB COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
Year ended December 31, 2011

Finding 2011-14

Reporting

Federal Agency:	U.S. Department of Justice
Program:	Federal Forfeiture (Confiscated funds)
CFDA #:	16.000
Award #:	N/A
Award year:	2011

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.

Condition

During our review of the Equitable Sharing Agreement and Certification Form submitted by the three agencies; Sheriff, Police and District Attorney, we noted that all three forms were not submitted timely.

Cause and Effect

Management did not perform a timely review of all reports and therefore, the reporting was late.

Questioned Cost

None.

Recommendation

The County should strengthen internal controls around management review of reporting to ensure that all necessary reports are submitted timely.

Management Response

The County agrees with the recommendation. Management will work with the departments and put processes in place to make sure that all reports are reviewed and submitted in a timely manner.

DEKALB COUNTY, GEORGIA

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011-15

Allowable Costs and Activities

Federal Agency: U.S. Department of Transportation

Program: Highway Planning and Construction
ARRA Planning and Construction

CFDA #: 20.205

Award #: STATE - LCI STP-0006-00268; P.I 4408 11,12,14-24,29-31;
PROJ#4-089-04-05; P.I. 0008401; GDOT TIP PI 0008216;
CS0T0SIG110139/CS0T0SIG; P.I.0008044; 000600880,
600879, 600890, 500905; PI004416-000419,0004831;
CS0T0SIG110117; CSTE-0008-00(115), PI 0008115;
CSTE-0008-00(119), PI0008119; CSSTP-0008-00(902) PI
0008902; CSSTP-0008-00(902) PI 0008902; UP 1016.1;
CSCMQ-0006-00*810

Award year: 2011

Criteria

As noted in 23 CFR sections 1.9, 630.106 and 630.205, federal funds can be used only to reimburse costs that are in accordance with the conditions contained in the project agreement and the plans, specifications and estimates (PS&E) and are allocable to a specific project.

Condition

Two employees in the County's Department of Public Water Works attempted to divert funding from the Highway Planning and Construction program by extorting contractors to inflate the cost of Highway Planning and Construction projects and falsify invoices to support the fictitious cost. These employees would then provide the approval needed for the invoice to be paid and would direct the contractor to pay them the amount in excess of the true contracted value. These same employees accepted approximately \$28,300 from contractors during an FBI directed investigation for favorable treatment of project assignments. The contractor involved has relinquished to the FBI all of the fraudulent funds received pursuant to the FBI investigation.

Cause and Effect

The County employees referenced above attempted to extort contractors to divert funding from the program for personal gain.

Questioned Cost

None.

DEKALB COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
Year ended December 31, 2011

Recommendation

We recommend that the County educate employees as to the consequences of using the influence of their positions for personal gain.

Management's Response

The County concurs with the recommendation. The two employees were terminated from employment and prosecuted by federal authorities. The County cooperated with the investigation. Management has placed a focus on monitoring of contract exceptions and overages.