

**COUNTY OF ADAMS,
PENNSYLVANIA**

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2014

COUNTY OF ADAMS, PENNSYLVANIA
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2014

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

County Commissioners
County of Adams
Gettysburg, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of COUNTY OF ADAMS, PENNSYLVANIA, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise COUNTY OF ADAMS, PENNSYLVANIA'S basic financial statements and have issued our report thereon dated September 22, 2015. We conducted our audit 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. Our report includes a reference to other auditors who audited the financial statements of the Adams County Industrial Development Authority, as described in our report on COUNTY OF ADAMS, PENNSYLVANIA's financial statements. The financial statements of the Adams County Industrial Development Authority were not audited in accordance with *Government Auditing Standards*. 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 OF ADAMS, PENNSYLVANIA'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 COUNTY OF ADAMS, PENNSYLVANIA'S internal control. Accordingly, we do not express an opinion on the effectiveness of COUNTY OF ADAMS, PENNSYLVANIA'S internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control as described in the accompanying schedule of findings and questioned costs as Findings 2014-001, 2014-003, and 2014-004 that we consider to be material weaknesses.

| Harrisburg | Philadelphia | Pittsburgh | Greensburg |
|--|---|---|---|
| 830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202 | 2370 York Road, Suite A-5 Jamison, Pa 18929 215.918.2277 Fax 215.918.2302 | 3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103 | 210 Tollgate Hill Road Greensburg, PA 15601 724.834.2151 Fax 724.834.5969 |

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Compliance and Other Matters

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

County of Adams, Pennsylvania's Responses to Findings

COUNTY OF ADAMS, PENNSYLVANIA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. COUNTY OF ADAMS, PENNSYLVANIA'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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
September 22, 2015

Zelenkofske Axelrod LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES SINGLE AUDIT SUPPLEMENT, AND ON THE
SCHEDULES OF EXPENDITURES OF FEDERAL AND PENNSYLVANIA DEPARTMENT OF HUMAN
SERVICES AWARDS

County Commissioners
County of Adams
Gettysburg, Pennsylvania

Report on Compliance for Each Major Federal and Pennsylvania Department of Human Services Program

We have audited COUNTY OF ADAMS, PENNSYLVANIA's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the Pennsylvania Department of Human Services (DHS) *Single Audit Supplement* that could have direct and material effect on each of COUNTY OF ADAMS, PENNSYLVANIA's major federal and DHS programs for the year ended December 31, 2014. COUNTY OF ADAMS, PENNSYLVANIA's major federal and DHS programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of COUNTY OF ADAMS, PENNSYLVANIA's major federal and DHS 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Pennsylvania Department of Human Services Audit Supplement. Those standards, OMB Circular A-133, and the Pennsylvania Department of Human Services *Single Audit Supplement* 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 and DHS program occurred. An audit includes examining, on a test basis, evidence about COUNTY OF ADAMS, PENNSYLVANIA'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 and DHS program. However, our audit does not provide a legal determination of COUNTY OF ADAM, PENNSYLVANIA's compliance.

| Harrisburg | Philadelphia | Pittsburgh | Greensburg |
|--|---|---|---|
| 830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202 | 2370 York Road, Suite A-5 Jamison, Pa 18929 215.918.2277 Fax 215.918.2302 | 3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103 | 210 Tollgate Hill Road Greensburg, PA 15601 724.834.2151 Fax 724.834.5969 |

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Basis for Qualified Opinion on Major Federal and DHS Programs Listed in the Table Below.

As described in the accompanying schedule of findings and questioned costs, COUNTY OF ADAMS, PENNSYLVANIA did not comply with requirements regarding the following:

| Finding # | CFDA # | Program (or Cluster) Name | Compliance Requirement |
|------------------|----------------------------------|--|--|
| 2014-002 | 20.205 | Highway Planning and Construction Cluster | Procurement, Suspension, and Debarment |
| 2014-003 | 93.645/93.658/93.659/ /PA DHS | Child Welfare Services, Foster Care Title IV-E, Adoption Assistance Title IV-E PA Department of Human Services- Children, Youth, & Families Program | Reporting |
| 2014-004 | PA DHS | PA Department of Human Services– Children, Youth, & Families Program | Subrecipient Monitoring |
| 2014-005 | 14.228 | Community Development Block Grant | Cash Management |

Compliance with such requirements is necessary, in our opinion, for COUNTY OF ADAMS, PENNSYLVANIA to comply with the requirements applicable to those programs.

Qualified Opinion on Major Federal and DHS Programs Listed in the Table Above

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, COUNTY OF ADAMS, PENNSYLVANIA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal and DHS programs listed in the table above for the year ended December 31, 2014.

Other Matters

The COUNTY OF ADAMS, PENNSYLVANIA responses to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The COUNTY OF ADAMS, PENNSYLVANIA'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 OF ADAMS, PENNSYLVANIA, 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 OF ADAMS, PENNSYLVANIA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and DHS 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 and DHS program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Pennsylvania Department of Human Services *Single Audit Supplement*, 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 OF ADAMS, PENNSYLVANIA's internal control over compliance.

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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 or DHS 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 or DHS program will not be prevented, or detected and corrected, on a timely basis. 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 or DHS 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2014-002, 2014-003, 2014-004, and 2014-005 that we consider to be material weaknesses.

COUNTY OF ADAMS, PENNSYLVANIA's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. COUNTY OF ADAMS, PENNSYLVANIA'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 and the Pennsylvania Department of Human Services *Single Audit Supplement*. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal and Pennsylvania Department of Human Services Awards Required by OMB Circular A-133 and the Pennsylvania Department of Human Services *Single Audit Supplement*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of COUNTY OF ADAMS, PENNSYLVANIA, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise COUNTY OF ADAMS, PENNSYLVANIA's basic financial statements. We issued our report thereon dated September 22, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF ADAMS, PENNSYLVANIA's basic financial statements. The accompanying schedules of expenditures of federal and Pennsylvania Department of Human Services awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Pennsylvania Department of Human Services *Single Audit Supplement* 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

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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 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 schedules of expenditures of federal and Pennsylvania Department of Human Services awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
September 22, 2015

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

| <u>Federal Grantor/Pass-through Grantor</u> | <u>Federal CFDA Number</u> | <u>Program Name</u> | <u>County Fund</u> | <u>(Accrued)/Unearned Revenue December 31, 2013</u> | <u>Federal Grant Receipts</u> | <u>Expenditures</u> | <u>Accrued/(Unearned) Revenue December 31, 2014</u> |
|--|----------------------------|--|--------------------|---|-------------------------------|---------------------|---|
| <u>U.S. Department of Agriculture</u> | | | | | | | |
| Food Distribution Cluster: PA Department of Agriculture | 10.568 | Emergency Food Assistance Program (Administrative Costs) | Block Grant | \$ (4,360) | \$ 9,085 | \$ 4,725 | \$ - |
| Total CFDA 10.568 | | | | (4,360) | 9,085 | 4,725 | - |
| PA Department of Agriculture Total CFDA 10.569 | 10.569 | Emergency Food Assistance Program (Food Commodities) | | - | 10,761 | 10,761 | - |
| | | | | - | 10,761 | 10,761 | - |
| Total Food Distribution Cluster | | | | (4,360) | 19,846 | 15,486 | - |
| Total U.S. Department of Agriculture | | | | \$ (4,360) | \$ 19,846 | \$ 15,486 | \$ - |
| <u>U.S. Department of Defense</u> | | | | | | | |
| Direct Payments Total CFDA 12.112 | 12.112 | Payments to States in Lieu of Real Estate Taxes | General Fund | \$ - | \$ 35,974 | \$ 35,974 | \$ - |
| | | | | - | 35,974 | 35,974 | - |
| Total U.S. Department of Defense | | | | \$ - | \$ 35,974 | \$ 35,974 | \$ - |
| <u>U.S. Department of Housing and Urban Development</u> | | | | | | | |
| State-Administered CDBG Cluster: | | | | | | | |
| PA Department of Community and Economic Development | 14.228 | Community Development Block Grant 2009 (C0000364498) | CDBG | \$ - | \$ 20,789 | \$ 20,789 | \$ - |
| PA Department of Community and Economic Development | 14.228 | Community Development Block Grant 2010 (C000050350) | CDBG | (18,908) | 115,654 | 136,883 | 40,137 |
| PA Department of Community and Economic Development | 14.228 | Community Development Block Grant 2011 (C000052048) | CDBG | - | 56,206 | 149,451 | 93,245 |
| PA Department of Community and Economic Development | 14.228 | Community Development Block Grant 2012 (C000052861) | CDBG | - | 96,311 | 96,311 | - |
| PA Department of Community and Economic Development | 14.228 | Community Development Block Grant 2013 (C000057612) | CDBG | - | 22,725 | 25,388 | 2,663 |
| Total CFDA 14.228 (CDBG- State-Administered CDBG Cluster) | | | | (18,908) | 311,685 | 428,822 * | 136,045 |
| PA Department of Community and Economic Development Total CFDA 14.231 | 14.231 | Emergency Shelter Grants Program (C4000014575) | Emergency Shelter | (16,055) | 150,873 | 178,515 | 43,697 |
| | | | | (16,055) | 150,873 | 178,515 | 43,697 |
| Total U.S. Department of Housing and Urban Development | | | | \$ (34,963) | \$ 462,558 | \$ 607,337 | \$ 179,742 |
| <u>U.S. Department of Justice</u> | | | | | | | |
| PA Commission on Crime and Delinquency Total CFDA 16.523 | 16.523 | Juvenile Accountability Incentive Block Grant | General | \$ (2,500) | \$ 5,000 | \$ 2,500 | \$ - |
| | | | | (2,500) | 5,000 | 2,500 | - |

* Denotes Program Tested as Major

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2014

| <u>Federal Grantor/Pass-through Grantor</u> | <u>Federal CFDA Number</u> | <u>Program Name</u> | <u>County Fund</u> | <u>(Accrued)/Unearned Revenue December 31, 2013</u> | <u>Federal Grant Receipts</u> | <u>Expenditures</u> | <u>Accrued/(Unearned) Revenue December 31, 2014</u> |
|---|----------------------------|---|------------------------------|---|-------------------------------|-----------------------|---|
| <u>U.S. Department of Justice (Continued)</u> | | | | | | | |
| PA Commission on Crime and Delinquency Total CFDA 16.575 | 16.575 | Crime Victim Assistance | General | (18,266) (18,266) | 76,775 76,775 | 76,631 76,631 | 18,122 18,122 |
| PA Commission on Crime and Delinquency Total CFDA 16.588 | 16.588 | STOP Violence Against Women Grant | General | (39,410) (39,410) | 68,659 68,659 | 125,000 125,000 | 95,751 95,751 |
| Direct Payments Total CFDA 16.606 | 16.606 | State Criminal Alien Assistance | General | - - | 16,089 16,089 | 16,089 16,089 | - - |
| Bureau of Justice Assistance Total CFDA 16.607 | 16.607 | Bulletproof Vest Partnership Program | General | - - | 13,496 13,496 | 13,496 13,496 | - - |
| JAG Program Cluster: PA Commission on Crime and Delinquency Total CFDA 16.738 (JAG Program Cluster) | 16.738 | Edward Byrne Memorial Justice Assistance | General | (14,940) (14,940) | 31,547 31,547 | 16,607 16,607 | - - |
| Total U.S. Department of Justice | | | | \$ (75,116) | \$ 211,566 | \$ 250,323 | \$ 113,873 |
| <u>U.S. Department of Transportation</u> | | | | | | | |
| Highway Planning and Construction Cluster: PA Department of Transportation PA Department of Transportation Total Highway Planning & Construction Cluster | 20.205 | Highway and Planning Construction | Liquid Fuels General Fund | \$ - - | \$ 193,388 257,398 | 223,112 257,398 | \$ 29,724 - |
| Total Highway Planning & Construction Cluster | | | | - | 450,786 | 480,510 | 29,724 |
| PA Department of Emergency Services Total CFDA 20.703 | 20.703 | Interagency Hazardous Material Public Sector Training and Planning Grants | Hazardous Materials | (28,023) (28,023) | 52,064 52,064 | 16,261 16,261 | (7,780) (7,780) |
| Total U.S. Department of Transportation | | | | \$ (28,023) | \$ 502,850 | \$ 496,771 | \$ 21,944 |
| <u>U.S. Environmental Protection Agency</u> | | | | | | | |
| PA Environmental Protection Agency Total CFDA 10.912 | 10.912 | Environmental Quality Incentives Program | Conservation District | \$ (361) (361) | \$ 361 361 | \$ 13,248 13,248 | \$ 13,248 13,248 |
| PA Environmental Protection Agency Total CFDA 66.466 | 66.466 | Chesapeake Bay Program | Conservation District | - - | 38,775 38,775 | 38,775 38,775 | - - |
| Total U.S. Environmental Protection Agency | | | | \$ (361) | \$ 39,136 | \$ 52,023 | \$ 13,248 |
| <u>U.S. Department of Health and Human Services</u> | | | | | | | |
| TANF Cluster: PA Department of Human Services Total CFDA 93.558 (TANF Cluster) | 93.558 | Temporary Assistance for Needy Families | Children & Youth | \$ - - | \$ - - | \$ 72,245 72,245 | \$ 72,245 72,245 |
| PA Department of Human Services Total CFDA 93.563 | 93.563 | Child Support Enforcement Title IV-D & Incentives (4100053446) | Domestic Relations | (41,379) (41,379) | 803,899 803,899 | \$ 921,212 921,212 | 158,692 158,692 |

* Denotes Program Tested as Major

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2014

| <u>Federal Grantor/Pass-through Grantor</u> | <u>Federal CFDA Number</u> | <u>Program Name</u> | <u>County Fund</u> | <u>(Accrued)/Unearned Revenue December 31, 2013</u> | <u>Federal Grant Receipts</u> | <u>Expenditures</u> | <u>Accrued/(Unearned) Revenue December 31, 2014</u> |
|---|----------------------------|--|--------------------|---|-------------------------------|---------------------|---|
| <u>U.S. Department of Health and Human Services (Continued)</u> | | | | | | | |
| PA Department of Human Services | 93.645 | Child Welfare Services Title IV-B | Children & Youth | - | 124,587 | 124,587 | - |
| Total CFDA 93.645 | | | | - | 124,587 | 124,587 * | - |
| PA Department of Human Services | 93.658 | Foster Care Title IV-E | Children & Youth | (326,605) | 660,624 | 597,006 | 262,987 |
| Total CFDA 93.658 | | | | (326,605) | 660,624 | 597,006 * | 262,987 |
| PA Department of Human Services | 93.659 | Adoption Assistance | Children & Youth | (176,560) | 348,861 | 344,256 | 171,955 |
| Total CFDA 93.659 | | | | (176,560) | 348,861 | 344,256 * | 171,955 |
| PA Department of Human Services | 93.667 | Social Services Block Grant Title XX | Children & Youth | - | 51,465 | 51,465 | - |
| Total CFDA 93.667 | | | | - | 51,465 | 51,465 | - |
| PA Department of Human Services | 93.674 | Chafee Foster Care Independence Program Title IV-E | Children & Youth | - | 28,318 | 35,417 | 7,099 |
| Total CFDA 93.674 | | | | - | 28,318 | 35,417 | 7,099 |
| PA Department of Human Services | 93.090 | Guardianship Assistance | Children & Youth | (19,332) | 36,502 | 34,514 | 17,344 |
| Total CFDA 93.090 | | | | (19,332) | 36,502 | 34,514 | 17,344 |
| <u>Medicaid Cluster:</u> | | | | | | | |
| PA Department of Human Services | 93.778 | Medical Assistance Program | Children & Youth | - | 2,198 | 4,835 | 2,637 |
| Total CFDA 93.778 Medicaid Cluster | | | | - | 2,198 | 4,835 | 2,637 |
| Total U.S. Department of Health and Human Services | | | | \$ (563,876) | \$ 2,056,454 | \$ 2,185,537 | \$ 692,959 |
| <u>U.S. Department of Homeland Security</u> | | | | | | | |
| PA Department of Emergency Services | 97.042 | Emergency Management Performance Grants | General | - | 68,577 | 68,577 | - |
| Total CFDA 97.042 | | | | - | 68,577 | 68,577 | - |
| Total U.S. Department of Homeland Security | | | | \$ - | \$ 68,577 | \$ 68,577 | \$ - |
| Total Federal Grants | | | | \$ (706,699) | \$ 3,396,961 | \$ 3,712,028 | \$ 1,021,766 |

* Denotes Program Tested as Major

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF PENNSYLVANIA DEPARTMENT OF
 HUMAN SERVICE EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2014

| <u>Fund or Program</u> | <u>Combined Federal and State Expenditures</u> |
|--------------------------------------|--|
| Children, Youth, and Families | \$ 5,592,967 * |
| Child Support Enforcement | 921,212 |
| Human Service Development | 47,857 |
| Combined Homeless Assistance Program | <u>93,894</u> |
| Total Assistance | <u>\$ 6,655,930</u> |

* Denotes a major program for Pennsylvania Department of Human Services purposes. The 2014 threshold for Type A programs is \$300,000. The amount expended under major Pennsylvania Department of Human Services programs for the year ended December 31, 2014, totaled \$5,592,967 or 84.03% of total Pennsylvania Department of Human Service financial assistance.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: REPORTING ENTITY

The County of Adams, Pennsylvania (the "County") as the reporting entity for financial reporting purposes is defined in Note 1A to the County's financial statements. For purposes of preparing the schedules of awards, the County's reporting entity differs from that used for financial purposes, in that awards received and expended, if any, by the following entities are excluded:

- Adams County Industrial Development Authority

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2014 threshold for determining Type A programs is \$300,000. The following low-risk Type A Program was not audited as major:

| <u>CFDA</u> | <u>Program</u> |
|-------------|---------------------------|
| 93.563 | Child Support Enforcement |
| DHS | Child Support Enforcement |

The following Type B Program was audited as major:

| <u>CFDA</u> | <u>Program</u> |
|-------------|------------------------|
| 93.645 | Child Welfare Services |

The amount expended under programs audited as major federal programs for the year ended December 31, 2014, totaled \$1,975,181 or 53.21% of total federal awards.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES TO THE FINANCIAL SCHEDULES
AND EXHIBITS REQUIRED BY THE PENNSYLVANIA
DEPARTMENT OF HUMAN SERVICES

County Commissioners
County of Adams, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services ("DHS") and COUNTY OF ADAMS, PENNSYLVANIA, solely to assist you with respect to the financial schedules and exhibits required by the DHS Single Audit Supplement for the fiscal year ended June 30, 2014, fiscal year ended June 30, 2012, and calendar year ended December 31, 2014. The COUNTY OF ADAMS, PENNSYLVANIA's management is responsible for the financial schedules and exhibits required by the DHS Single Audit Supplement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of DHS and the management of COUNTY OF ADAMS PENNSYLVANIA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

- a) We have verified by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for fiscal year ended June 30, 2014, fiscal year ended June 30, 2012, and the calendar year ended December 31, 2014, have been accurately compiled and reflect the audited books and records of COUNTY OF ADAMS, PENNSYLVANIA. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS Single Audit Supplement pertaining to this period.

| <u>Program Name</u> | <u>Exhibit Number</u> | <u>Referenced Schedule/Exhibit</u> |
|--|-----------------------|---|
| Title IV-D Child Support Enforcement Program | A-1 | Summary of Expenditures |
| | A-1(c) | Comparison of Reported Incentives to Incentives on Deposit |
| | A-1(d) | Comparison of Single Audit Title IV-D Account with Reported with Title IV-D Account |
| Children, Youth , and Families | I | Fiscal Summary |
| Combined Homeless Assistance Program | XIX(a) NBG | Schedule of Revenues and Expenditures |

| Harrisburg | Philadelphia | Pittsburgh | Greensburg |
|--|---|---|---|
| 830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202 | 2370 York Road, Suite A-5 Jamison, Pa 18929 215.918.2277 Fax 215.918.2302 | 3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103 | 210 Tollgate Hill Road Greensburg, PA 15601 724.834.2151 Fax 724.834.5969 |

Zelenkofske Axelrod LLC

County Commissioners
County of Adams, Pennsylvania

- b) We have inquired of management regarding adjustments to reported revenues or expenditures which were not reflected on the reports submitted to DHS for the period in question.
- c) The processes detailed in paragraphs (a) and (b) above disclosed the following adjustments and/or findings which have been reflected on the corresponding schedules:
 - In Exhibit I, the Program did not prepare a written reconciliation to the County's General Ledger. See Finding 2014-006.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Pennsylvania Department Human Services and the management of Adams County Pennsylvania and is not intended to be and should not be used by anyone other than those specified parties.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
September 22, 2015

COUNTY OF ADAMS
SUMMARY OF EXPENDITURES - TITLE IV-D CHILD SUPPORT ENFORCEMENT PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Single Audit Expenditures | | | | | Reported Expenditures | | | | | Single Audit Over(Under) Reported | | | | |
|--|---------------------------|--------------------|-------------------|------------|-------------------------------|-----------------------|--------------------|-------------------|------------|-------------------------------|-----------------------------------|--------------------|------------------|------------|-------------------------------|
| | (A) Total | (B) Unallowable | (C) Net (A-B) | (D) FFP | (E) Amount Paid (C x D) | (A) Total | (B) Unallowable | (C) Net (A-B) | (D) FFP | (E) Amount Paid (C x D) | (A) Total | (B) Unallowable | (C) Net (A-B) | (D) FFP | (E) Amount Paid (C x D) |
| Calendar Quarter Ended 9/30/13 | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 354,871 | \$ 12,026 | \$ 342,845 | 66% | \$ 226,278 | \$ 354,871 | \$ 12,026 | \$ 342,845 | 66% | \$ 226,278 | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | 2 | - | 2 | 66% | 2 | 2 | - | 2 | 66% | 2 | - | - | - | 66% | - |
| Interest/Program Income | 16,929 | 581 | 16,348 | 66% | 10,790 | 16,929 | 581 | 16,348 | 66% | 10,790 | - | - | - | 66% | - |
| Blood Testing Fees | 912 | - | 912 | 66% | 602 | 912 | - | 912 | 66% | 602 | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 337,028 | 11,445 | 325,583 | - | 214,884 | 337,028 | 11,445 | 325,583 | - | 214,884 | - | - | - | - | - |
| Blood Testing | 416 | - | 416 | 66% | 274 | 416 | - | 416 | 66% | 274 | - | - | - | 66% | - |
| ADP | - | - | - | 66% | - | - | - | - | 66% | - | - | - | - | 66% | - |
| Net Total (5+6+7) | <u>\$ 337,444</u> | <u>\$ 11,445</u> | <u>\$ 325,999</u> | - | <u>\$ 215,158</u> | <u>\$ 337,444</u> | <u>\$ 11,445</u> | <u>\$ 325,999</u> | - | <u>\$ 215,158</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Calendar Quarter Ended 12/31/13 | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 350,801 | \$ 11,885 | \$ 338,916 | 66% | \$ 223,685 | \$ 350,801 | \$ 11,885 | \$ 338,916 | 66% | \$ 223,685 | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | 2 | - | 2 | 66% | 2 | 2 | - | 2 | 66% | 2 | - | - | - | 66% | - |
| Interest/Program Income | 18,552 | 635 | 17,917 | 66% | 11,825 | 18,552 | 635 | 17,917 | 66% | 11,825 | - | - | - | 66% | - |
| Blood Testing Fees | 1,083 | - | 1,083 | 66% | 714 | 1,083 | - | 1,083 | 66% | 714 | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 331,164 | 11,250 | 319,914 | - | 211,144 | 331,164 | 11,250 | 319,914 | - | 211,144 | - | - | - | - | - |
| Blood Testing | 1,088 | - | 1,088 | 66% | 718 | 1,088 | - | 1,088 | 66% | 718 | - | - | - | 66% | - |
| ADP | - | - | - | 66% | - | - | - | - | 66% | - | - | - | - | 66% | - |
| Net Total (5+6+7) | <u>\$ 332,252</u> | <u>\$ 11,250</u> | <u>\$ 321,002</u> | - | <u>\$ 211,862</u> | <u>\$ 332,252</u> | <u>\$ 11,250</u> | <u>\$ 321,002</u> | - | <u>\$ 211,862</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Calendar Quarter Ended 3/31/14 | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 374,772 | \$ 11,899 | \$ 362,873 | 66% | \$ 239,496 | \$ 374,772 | \$ 11,899 | \$ 362,873 | 66% | \$ 239,496 | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | 1 | - | 1 | 66% | 1 | 1 | - | 1 | 66% | 1 | - | - | - | 66% | - |
| Interest/Program Income | 20,380 | 646 | 19,734 | 66% | 13,024 | 20,380 | 646 | 19,734 | 66% | 13,024 | - | - | - | 66% | - |
| Blood Testing Fees | 633 | - | 633 | 66% | 417 | 633 | - | 633 | 66% | 417 | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 353,758 | 11,253 | 342,505 | - | 226,054 | 353,758 | 11,253 | 342,505 | - | 226,054 | - | - | - | - | - |
| Blood Testing | 928 | - | 928 | 66% | 612 | 928 | - | 928 | 66% | 612 | - | - | - | 66% | - |
| ADP | - | - | - | 66% | - | - | - | - | 66% | - | - | - | - | 66% | - |
| Net Total (5+6+7) | <u>\$ 354,686</u> | <u>\$ 11,253</u> | <u>\$ 343,433</u> | - | <u>\$ 226,666</u> | <u>\$ 354,686</u> | <u>\$ 11,253</u> | <u>\$ 343,433</u> | - | <u>\$ 226,666</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Calendar Quarter Ended 6/30/14 | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 333,333 | \$ 10,012 | \$ 323,321 | 66% | \$ 213,392 | \$ 333,333 | \$ 10,012 | \$ 323,321 | 66% | \$ 213,392 | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | 2 | - | 2 | 66% | 2 | 2 | - | 2 | 66% | 2 | - | - | - | 66% | - |
| Interest/Program Income | 20,553 | 625 | 19,928 | 66% | 13,152 | 20,553 | 625 | 19,928 | 66% | 13,152 | - | - | - | 66% | - |
| Blood Testing Fees | 930 | - | 930 | 66% | 613 | 930 | - | 930 | 66% | 613 | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 311,848 | 9,387 | 302,461 | - | 199,625 | 311,848 | 9,387 | 302,461 | - | 199,625 | - | - | - | - | - |
| Blood Testing | 992 | - | 992 | 66% | 655 | 992 | - | 992 | 66% | 655 | - | - | - | 66% | - |
| ADP | - | - | - | 66% | - | - | - | - | 66% | - | - | - | - | 66% | - |
| Net Total (5+6+7) | <u>\$ 312,840</u> | <u>\$ 9,387</u> | <u>\$ 303,453</u> | - | <u>\$ 200,280</u> | <u>\$ 312,840</u> | <u>\$ 9,387</u> | <u>\$ 303,453</u> | - | <u>\$ 200,280</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |

COUNTY OF ADAMS, PENNSYLVANIA
 CHILD SUPPORT ENFORCEMENT
 COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Month | MSE Incentive Paid Cost Worksheet Ending Incentive Balance | Audited Title IV-D Account Incentive Balance | Type of Account Structure |
|------------------------------------|--|---|--------------------------------------|
| June 30, 2013 | \$ 481,596 | \$ 481,596 | |
| 1st Quarter (7/1/2013-9/30/2013) | 518,183 | 518,183 | |
| 2nd Quarter (10/1/2013-12/31/2013) | 555,408 | 555,408 | () Separate Bank Account |
| 3rd Quarter (1/1/2014-3/31/2014) | 635,250 | 635,250 | () Restricted Fund - General Ledger |
| 4th Quarter (4/1/2014-6/30/2014) | 671,335 | 671,335 | (X) Other: _____ |

Note: Do not include income received from interest or Medical Incentives.

COUNTY OF ADAMS, PENNSYLVANIA
CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT TITLE IV-D ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Single Audit TITLE IV-D Account | Reported TITLE IV-D Account | Single Audit Over/(Under) Reported |
|-----------------------------------|--|-----------------------------------|---|
| Balance at January 1 | \$ 615,661 | \$ 615,661 | \$ - |
| Receipts: | | | |
| Reimbursements | 915,650 | 915,650 | - |
| Incentives | 151,813 | 151,813 | - |
| Title XIX Incentives | 3,514 | 3,514 | - |
| Interest | 1,577 | 1,577 | - |
| Program Income | 12,983 | 12,983 | - |
| Genetic Testing Costs | 1,924 | 1,924 | - |
| Maintenance of Effort (MOE) | - | - | - |
| Other: _____ | - | - | - |
| Total Receipts | \$ 1,087,461 | \$ 1,087,461 | \$ - |
| Intra-fund Transfers - In | 1,132,805 | 1,132,805 | - |
| Funds Available | \$ 2,835,927 | \$ 2,835,927 | \$ - |
| Disbursements: | | | |
| Transfers to General Fund | 919,150 | 919,150 | - |
| Vendor Payments | - | - | - |
| Bank Charges | - | - | - |
| Other: _____ | - | - | - |
| Total Disbursements | \$ 919,150 | \$ 919,150 | \$ - |
| Intra-fund Transfers - Out | 1,132,805 | 1,132,805 | - |
| Balance at December 31 | \$ 783,972 | \$ 783,972 | \$ - |

The Title IV-D account consists of **two** accounts. Please indicate here the total number of accounts that make up the Title IV-D account.

The Title IV-D account is comprised of **two** checking, 0 savings, 0 CD, and 0 other accounts. Please indicate here the type of accounts that the Title IV-D account is comprised of.

COUNTY OF ADAMS, PENNSYLVANIA
CHILDREN, YOUTH AND FAMILIES PROGRAM
FISCAL SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(CAPTURING ALL EXPENDITURES THROUGH JUNE 30, 2014)

| | A Grand Total | B Program Income | C Federal Title IV-E | D Federal TANF | E Title XX | F Federal Title IV-B | G Medical Assistance | H Net Total | I State Act 148 | J Local Share |
|--|---------------------|------------------------|------------------------------|----------------------|------------------|----------------------------|----------------------------|---------------------|-----------------------|---------------------|
| NET CHILD WELFARE EXPEND. | | | | | | | | | | |
| 01. 100% Reimbursement | \$ 57,351 | \$ - | \$ 9,321 | \$ - | \$ - | \$ - | \$ - | \$ 48,030 | \$ 48,030 | \$ - |
| 02. 90% Reimbursement | 416,109 | 3,229 | 77,440 | 56,371 | - | - | - | 279,069 | 251,162 | 27,907 |
| 03. 80% Reimbursement | 5,273,026 | 102,070 | 888,252 | 93,916 | 51,465 | 132,298 | - | 4,005,025 | 3,204,019 | 801,006 |
| 04. 60% Reimbursement | 855,900 | 14,020 | 99,126 | - | - | - | 4,587 | 738,167 | 442,901 | 295,266 |
| 05. 50% Reimbursement | <u>132,425</u> | <u>58</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>132,367</u> | <u>66,184</u> | <u>66,183</u> |
| 06. Total Net Child Welfare Expenditures | <u>6,734,811</u> | <u>119,377</u> | <u>1,074,139</u> | <u>150,287</u> | <u>51,465</u> | <u>132,298</u> | <u>4,587</u> | <u>5,202,658</u> | <u>4,012,296</u> | <u>1,190,362</u> |
| YDC/YFC PLACEMENT COSTS | | | | | | | | | | |
| 07. 60% DHS Participation | <u>222,362</u> | <u>1,385</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>220,977</u> | <u>132,586</u> | <u>88,391</u> |
| 08. Non-Reimbursable Expenditures | <u>17,250</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,250</u> | <u>-</u> | <u>17,250</u> |
| 09. Total Expenditures | <u>\$ 6,974,423</u> | <u>\$ 120,762</u> | <u>\$ 1,074,139</u> | <u>\$ 150,287</u> | <u>\$ 51,465</u> | <u>\$ 132,298</u> | <u>\$ 4,587</u> | <u>\$ 5,440,885</u> | <u>\$ 4,144,882</u> | <u>\$ 1,296,003</u> |
| 12. State Act 148 - Line 6 | <u>\$ 4,012,296</u> | | | | | | | | | |
| | | | 13. State Act 148 Allocation | | | <u>\$ 3,692,650</u> | | | | |
| | | | | | | | 14. Adjusted State Share | | <u>\$ 3,692,650</u> | |

COUNTY OF ADAMS
 SCHEDULE OF REVENUES AND EXPENDITURES
 COMBINED HOMELESS ASSISTANCE PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Non Block Grant Contract
 Combined Homeless Assistance Program
 Fiscal year 2013-2014

County: Adams County

| Fiscal Year: 2014 | Administration | Bridge Housing | Case Management | Rental Assistance | Emergency Shelter | Other Housing Support | Total |
|--------------------------------|----------------|----------------|-----------------|-------------------|-------------------|-----------------------|-----------|
| I. Total Allocation | | | | | | | \$ 93,894 |
| II. Total Expenditures | | | | | | | - |
| A. Personnel | - | 65,520 | - | - | - | - | 65,520 |
| B. Operating | - | 15,416 | - | - | - | - | 15,416 |
| C. Purchased Services | - | - | - | - | 12,958 | - | 12,958 |
| Subtotal of Total Expenditures | - | 80,936 | - | - | 12,958 | - | \$ 93,894 |
| III. Revenues | | | | | | | |
| A. Client Fees | - | - | - | - | - | - | - |
| B. Other | - | - | - | - | - | - | - |
| Subtotal Revenues | - | - | - | - | - | - | - |
| IV. DHS Reimbursement | | | | | | | |
| A. State HAP Funding | - | 80,936 | - | - | 12,958 | - | 93,894 |
| B. SSBG | - | - | - | - | - | - | - |
| C. SABG | - | - | - | - | - | - | - |
| Subtotal of DHS Reimbursement | - | 80,936 | - | - | 12,958 | - | \$ 93,894 |
| V. Unspent Allocation | | | | | | | \$ - |

COUNTY OF ADAMS, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant Deficiency (ies) identified not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency (ies) identified not considered to be material weaknesses?

yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 93.645 | Child Welfare Services |
| 93.658 | Foster Care Title IV-E |
| 93.659 | Adoption Assistance Title IV-E |
| 14.228 | Community Development Block Grant |
| 20.205 | Highway Planning and Construction Cluster |
| DHS | Children, Youth & Families |

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

COUNTY OF ADAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Section II - Financial Statement Findings

Finding Summary

The following is a summary of the Financial Statement Findings.

Finding 2014-001:

Accounting Records

| | |
|------------------------|--|
| Criteria: | The accounts of the County should include all significant transactions in the period of benefit. |
| Condition: | During the audit, certain audit adjustments were required to record additional receivables/revenues, capital assets, and debt after the County's year-end close of the accounting records. |
| Cause: | Transactions were not recorded in the period of benefit. |
| Effect: | The financial records did not reflect the correct financial activity of the period which would result in a material misstatement of the financial statements. |
| Questioned Costs: | None. |
| Recommendation: | The County should ensure that internal control procedures over financial reporting are sufficient to identify and record all material adjustments. |
| Management's Response: | The County will ensure that internal control procedures over financial reporting are sufficient to identify and record all material adjustments. |

COUNTY OF ADAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

The following findings in this section are presented in detail in Section III-Federal and Pennsylvania Department of Human Services Awards' and Questioned Costs.

| <u>Finding Reference</u> | <u>Finding Summary</u> |
|--------------------------|---|
| 2014-003 | Title IV-E Foster Care, Title IV-E Adoption Assistance, Child Welfare Services, and PA Department of Human Services Children, Youth, and Families Program – Reporting |
| 2014-004 | PA Department of Human Services Children, Youth, and Families Program – Subrecipient Monitoring |

Section III - Federal and Pennsylvania Department of Human Services Awards Findings and Questioned Costs

| | |
|--------------------------|---|
| <u>Finding 2014-002:</u> | <u>Procurement, Suspension, and Debarment</u> |
| | CFDA #20.205 Highway Planning and Construction Cluster |
| Criteria: | OMB Circular A-133 requires the County to not contract with providers of service that are suspended or debarred. |
| Condition: | For 2 out of 2 contracts selected for testing, one contract did not contain a suspension/debarment clause nor was the County able to provide documentation to confirm that the provider was not suspended or debarred prior to contracting with the provider. The remaining provider did not have a contract with the County and the County was unable to provide documentation to confirm that the provider was not suspended or debarred prior to appointing the providers. |
| Cause: | The County did not have proper controls in place to ensure that the provider of service was not suspended or debarred prior to contracting with the provider. For the other provider that did not have a contract with the County, the Board of Commissioners appoints that provider every four years. |
| Effect: | The County is not in compliance with OMB Circular A-133 Compliance Requirements over Procurement, Suspension, and Debarment and the internal controls are not operating effectively. However, we viewed the government's website noting that the providers were not on the list of suspended/debarred contractors. |
| Questioned Costs: | None. |
| Recommendation: | The County should include a clause in their contracts with providers to ensure that all providers receiving funds certify that they are not suspended or debarred. In addition, the County should have a contract with every provider of service. |

COUNTY OF ADAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Section III – Federal and Pennsylvania Department of Human Services Awards Findings and Questioned Costs (Continued)

| | |
|-----------------------------|--|
| <u>Finding 2014-002:</u> | <u>Procurement, Suspension, and Debarment (Continued)</u> CFDA #20.205 Highway Planning and Construction Cluster |
| Management's Response: | The County will include a clause in their contracts with providers to ensure all providers receiving funds certify that they are not suspended or debarred. In addition, the County will have a contract with every provider of service. |
| <u>Finding 2014-003</u> | <u>Reporting</u> CFDA #93.645 Child Welfare Services CFDA #93.658 Foster Care Title IV-E CFDA #93.659 Adoption Assistance Title IV-E PA Department of Human Services – Children, Youth & Families Program |
| Criteria: | Pursuant to Office of Management and Budget Circular A-133, and Pennsylvania Department of Human Services Single Audit Supplement, the County is required to ensure all reports filed with granting agencies accurately reflect the program's revenues and expenditures recorded on the County's General Ledger. |
| Condition: | As a result of our testing of reporting requirements, we noted the expenditure reports for the County's Children and Youth Department did not agree to the revenues and expenditures recorded on the County's General ledger. The expenditures on the County's general ledger were \$537,200 higher than the expenditures reported to the state. |
| Cause: | The Children & Youth Program did not prepare a written reconciliation of revenues and expenditures per their report to the revenues and expenditures recorded on the County's General Ledger. |
| Effect: | The Children & Youth Program is not in compliance with OMB A-133 and the Pennsylvania Department of Human Services Single Audit Supplement reporting requirements. |
| Questioned Costs: | The amount of questioned costs, if any, is undeterminable. |
| Recommendation: | The County should implement procedures to ensure that all filed reports are reconciled to the County's General Ledger prior to submission. |
| Management's Response: | The County will implement reconciliation procedures to ensure that all reports filed with granting agencies are accurately reflected in the program's revenues and expenditures of the County's general ledger. |

COUNTY OF ADAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Section III- Federal and Pennsylvania Department of Human Service Awards Findings and Questioned Costs (Continued)

| | |
|-------------------------|--|
| <u>Finding 2014-004</u> | <u>Subrecipient Monitoring</u> |
| | PA Department of Human Services – Children, Youth & Families Program |
| Criteria: | Pursuant to the PA Department of Human Services Common Requirements, the Program is required to perform monitoring activities over their subrecipients throughout the year to ensure accountability for the use of funds and compliance with applicable regulations. |
| Condition: | As a result of our testing of Pennsylvania Department of Human Services subrecipient monitoring requirements, we noted for 2 out of 25 subrecipients tested that the program either did not obtain an audit report or the program did not perform any additional subrecipient monitoring procedures for the subrecipients that did not have an audit report. |
| Cause: | The Program did not ensure an audit was obtained and reviewed or the program did not perform other monitoring procedures for subrecipient that did not have an audit performed. |
| Effect: | The Program is not in compliance with subrecipient monitoring requirements. In addition, the internal controls over subrecipient monitoring are not operating effectively. |
| Questioned Costs: | The amount of questioned costs, if any, is undeterminable. |
| Recommendation: | The Program should follow its procedures to ensure that its subrecipients are monitored to ensure accountability for the use of funds and compliance with applicable requirements. |
| Management's Response: | The Program will follow its procedures to ensure that its subrecipients are monitored to ensure accountability for the use of funds and compliance with applicable requirements. |

COUNTY OF ADAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Section III- Federal and Pennsylvania Department of Human Service Awards Findings and Questioned Costs (Continued)

| | |
|-------------------------|---|
| <u>Finding 2014-005</u> | <u>Cash Management</u> |
| | <u>CFDA# 14.228 Community Development Block Grant (CDBG)</u> |
| Criteria: | The County is required to pass through funding to contractors within 3 calendar days of receiving the funds. |
| Condition: | For five out of nine drawdowns tested, funds were not disbursed to the vendor within three days. |
| Cause: | The County's disbursement process takes more than three days to process due to the time it takes to obtain the necessary approvals. In addition, the internal controls over this requirement are not operating effectively. |
| Effect: | Funds received were not disbursed in a timely manner. |
| Questioned Costs: | This finding does not result in questioned costs. |
| Recommendation: | The Program should follow its established procedures to ensure that funds are disbursed timely. |
| Management's Response: | The County will follow its established procedures to ensure that funds are disbursed timely. |

COUNTY OF ADAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Section IV- Pennsylvania Department of Human Service Awards' Agreed Upon Procedures Findings and Questioned Costs

| | |
|-------------------------|--|
| <u>Finding 2014-006</u> | <u>Reporting</u> |
| | PA Department of Human Services- Children, Youth, and Families Program |
| Criteria: | Pursuant to the Pennsylvania Department of Human Services Single Audit Supplement, the County is required to ensure that the June 30, 2012 report must be adjusted to reflect all adjustments within two years so that the report filed with the granting agency accurately reflect the program's revenues and expenditures recorded on the County's General Ledger. |
| Condition: | As a result of our testing of reporting requirements, we noted the June 30, 2012 expenditure report for the County's Children, Youth, and Families Program did not agree to the revenues and expenditures recorded on the County's General ledger and no adjustments had been made since the original report has been filed in 2012. |
| Cause: | The Children, Youth, and Families Program did not prepare a written reconciliation of revenues and expenditures per their report to the revenues and expenditures recorded on the County's General Ledger. |
| Effect: | The Children, Youth, and Families Program is not in compliance with the Pennsylvania Department of Human Services Single Audit Supplement reporting requirements. |
| Questioned Costs: | The amount of questioned costs, if any, is undeterminable. |
| Recommendation: | The County should implement procedures to ensure that all filed reports are reconciled to the County's General Ledger prior to submission. |
| Management's Response: | The County will implement procedures to ensure that all filed reports are reconciled to the County's general ledger prior to submission. |

COUNTY OF ADAMS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

The summary which follows indicates the current year status of findings identified in the prior year single audit report.

| <u>County Program</u> | <u>Prior Year Finding</u> | <u>Brief Description of Finding</u> | <u>Current Year Status</u> |
|---|---------------------------|--|-----------------------------------|
| None | 2013-001 | Accounting Records | See current year finding 2014-001 |
| Highway Planning and Construction Program | 2013-002 | Procurement, Suspension, and Debarment | See current year finding 2014-002 |
| Children, Youth & Families Program | 2013-003 | Reporting | See current year finding 2014-003 |
| Children, Youth & Families Program | 2013-004 | Eligibility | Resolved |
| Children, Youth & Families Program | 2013-005 | Subrecipient Monitoring | See current year finding 2014-004 |
| Homeless Assistance Program | 2013-006 | Reporting | Resolved |
| Children, Youth & Families Program | 2013-007 | Reporting | See current year finding 2014-006 |