

## Siskiyou County Audit RFP Questions #2

1. Has there been any turnover in management during the past year?

As Auditor-Controller, I have been in office since January/2022. The Assistant Auditor has been in the department since February/2022 as a Supervising Accounting Auditor and has been the Assistant Auditor since February/24. The Payroll Account Supervisor has been in the office since September/2021 and the AP/AR Supervisor has been in the office since May/2021. All other staff have approximately 1-3 years of experience. This is challenging without the historical knowledge but we are learning.

2. Has there been any turnover in accounting staff during the past year? See above answer.

3. What accounting software do you use? Any plans for change?

We currently use Banner Accounting Software. Yes, we just completed the competitive procurement process for and new ERP system and the bid was awarded to Tyler Technologies. We hope to begin implementation within the next year.

4. How many journal entries were proposed by the auditor in the prior year? 139

5. Are any management letter comments outstanding from the prior year? Yes GASB 84

6. May we receive a copy of last year's management letter? Yes, see attached.

7. How many major programs are subject to a Single Audit? 5 major funds including the General Fund.

8. Any known or suspected fraud? No known or suspected fraud issues at this time.

9. When will the books be ready for the audit? The books are available when the accrual period is complete. However, we may be required to complete corrections or certain tasks up until the decision is made to stop. Usually sometime after the outside auditors have completed their audit and the financials are finalized.

10. Are financial records available electronically? Yes to a certain extent. Journal backup is not yet electronic.

11. Is remote auditing acceptable to the County? The audit firm provides our office with a list of schedules and information that is needed for the audit and as soon as our accrual period is complete we begin working on fulfilling that list and uploading schedules into REVER. We have always had a week of initial onsite audit work, with many items followed up on after that initial week. With our team being so new and learning every audit cycle, some onsite auditing will be preferred but we would be open to hybrid options.

12. Who prepares the financials? The outside auditors prepare the County Financials and the Single Audit.

13. Were there any significant transactions (e.g., bond issuance, leases) during the year? We have 7-10 leases that fall under GASB 87. No new bonds this year but several passed for outlying cites and schools in the last election.

14. Significant changes to operations or funding sources? No

15. Significant construction or capital projects? Every fiscal year is different. The Fund Balance and the State of California's budget helps to dictate if there will be funds for capital projects available.

16. Any audits or inspections by regulatory agencies? Not sure what is meant by this questions but several programs have state audit requirements such as WIC, Human Services, Public Health, Property Tax, Court Fee Collections etc. etc. Those individual audits are conducted between the departments and the auditing agency.

17. Any changes to the governance structure of the organization? No

18. Is the incumbent auditor invited to bid? Yes the current audit firm is invited to bid.

19. What were the audit fees for the prior year?

FY22/23=\$55,186.00

FY23/24=\$56,566.00

FY24/25=\$57,980.00

**COUNTY OF SISKIYOU**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

<b>Financial Statements</b>	<u>Status</u>
1. Type of auditor's report issued:	Modified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified and not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No
 <b>Federal Awards</b>	
1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified and not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes
4. Identification of major programs:	
14.228 Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	
14.239 Home Investment Partnerships Program	
21.027 Coronavirus State and Local Fiscal Recovery Funds	
21.032 Local Assistance and Tribal Consistency Fund	
93.558 Temporary Assistance for Needy Families	
93.658 Foster Care – Title IV-E	
93.778 Medical Assistance Program	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Implementation of Governmental Accounting Standards Board Statement Nos. 84 and 96	2023-002
Receivables	2023-003
Amortization of Intangible Assets	2023-004
Monies Held in Auditor's Trust	2023-005

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2023-001
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**COUNTY OF SISKIYOU**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**2023-001**

<b>Name:</b>	<b>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</b>
<b>Assistance Listing #:</b>	<b>14.228</b>
<b>Federal Grantor:</b>	<b>Department of Housing and Urban Development</b>
<b>Pass Through Entity:</b>	<b>State Department of Housing and Community Development</b>
<b>Award No.:</b>	<b>Various</b>
<b>Year:</b>	<b>2022/2023</b>
<b>Compliance Requirement:</b>	<b>Program Income</b>

**Criteria**

Proper grant compliance requires that CDBG loans be monitored for compliance with the loan provisions regarding default.

**Condition**

During our test of six loan recipients, we noted that the County had not verified that the loan recipients were still owners of the homes secured by the loan or still lived in the homes for two tested and insurance was not maintained for one tested.

**Cause**

There was not adequate monitoring of loans receivable to ensure compliance with loan provisions for two loan recipients.

**Effect**

The County did not monitor two CDBG loans for compliance with the loan provisions regarding default.

**Questioned Cost**

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

**Context**

We randomly selected six loan recipients to test loan monitoring procedures. Sampling was a statistically valid sample. We noted two of the six recipients were not in compliance with the CDBG loan agreements.

**Repeat Finding**

This is a repeat of prior year finding 2022-001.

**Recommendation**

We recommend that the County develop a program to monitor compliance with the loan provisions in accordance with the County Loan Servicing Policies and Procedures.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**COUNTY OF SISKIYOU**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**2023-002 Implementation of Governmental Accounting Standards Board Statement Nos. 84 and 96 (Material Weakness)**

**Criteria**

All governmental entities are required to implement all GASB statements if applicable to the County.

**Condition**

The County did not implement GASB Statement No. 84 – Fiduciary Activities, to classify the fiduciary funds by type and additions and deductions of each fund type, and Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITAs) to record SBITAs in accordance with GASB 96.

**Cause**

The County did not have enough staff to implement the reporting statements.

**Effect**

The financial statements were not in compliance with the reporting standards of GASB.

**Questioned Cost**

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

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2022-003.

**Recommendation**

We recommend that the County implement GASB Statement Nos. 84 and 96 and classify all fiduciary funds and all additions and deductions according to the statement, and report SBITAs according to the Statements.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**COUNTY OF SISKIYOU**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**2023-003 Receivables (Significant Deficiency)**

**Criteria**

Governmental auditing standards require independent auditors to evaluate all misstatements of financial statements, including the allowance for doubtful accounts.

**Condition**

At the time of our audit, we noted that accounts receivable required an additional accrual of approximately \$2,785,920. In addition, the allowance for doubtful accounts of approximately \$525,066 had not been reconciled.

**Cause**

The County did not have enough staff to review the accruals.

**Effect**

The financial statements as presented to us contained misstatements and required adjustment.

**Questioned Cost**

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

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2022-004.

**Recommendation**

We recommend that the County review receivables and allowance for doubtful accounts at year-end to determine if they have properly accrued all necessary receivables and allowances.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**COUNTY OF SISKIYOU**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**2023-004 Amortization of Intangible Assets (Significant Deficiency)**

**Criteria**

GASB Statement No. 51 requires intangible assets that have definite useful lives be amortized.

**Condition**

We noted that intangible assets were not being amortized.

**Cause**

The County had not set up amortization schedules for assets that should be amortized.

**Effect**

The amortization expense had not been recorded on the financial statements.

**Questioned Cost**

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

**Context**

Noted during the audit of capital assets.

**Repeat Finding**

This is a repeat of prior year finding 2022-006.

**Recommendation**

We recommend that intangible assets that have definite useful lives be amortized.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**COUNTY OF SISKIYOU**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**2023-005 Monies Held in Auditor's Trust (Significant Deficiency)**

**Criteria**

Only money held in a fiduciary capacity can be held in the trust.

**Condition**

We noted that as of June 30, 2023, approximately \$644,855 of grant monies had been deposited and were being held in the Auditor's Trust.

**Cause**

At the beginning of our fieldwork the Auditor's Trust had not been reconciled as of June 30, 2023.

**Effect**

Grant monies were held in a trust instead of being reported in the County's funds.

**Questioned Cost**

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

**Context**

We examined various trust accounts to determine that only trust monies are being held in a fiduciary capacity.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend the Auditor's Trust be reconciled to open deposits each month.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.





**COUNTY OF SISKIYOU**

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**COUNTY AUDITOR-CONTROLLER  
Diane Olson, Auditor-Controller**

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**COUNTY OF SISKIYOU, CALIFORNIA**

Prior Year Schedule of Findings and Questioned Costs

and

Management's Corrective Action Plan

For the Year Ended June 30, 2023

Compiled by: Diane Olson, Auditor-Controller

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**COUNTY OF SISKIYOU**  
**Prior Year Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

<u>Audit Reference</u>	<u>Status of Prior Year Recommendations</u>
<b>2022-001</b>	<p><b>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County develop a program to monitor compliance with the loan provisions in accordance with the County Loan Servicing Policies and Procedures.</p> <p><b>Status</b></p> <p>In Progress</p>
<b>2022-002</b>	<p><b>Block Grants for Prevention and Treatment of Substance Abuse</b></p> <p><b>Recommendation</b></p> <p>We recommend that the Department review the calculation used to allocate indirect costs to the program and verify that it is calculated correctly.</p> <p><b>Status</b></p> <p>Implemented</p>
<b>2022-003</b>	<p><b>Implementation of Governmental Accounting Standards Board Statement</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County implement GASB Statement No. 84 and classify all fiduciary funds and all additions and deductions.</p> <p><b>Status</b></p> <p>Not Implemented</p>
<b>2022-004</b>	<p><b>Receivables</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County review receivables and allowance for doubtful accounts at year-end to determine if they have properly accrued all necessary receivables and allowances.</p> <p><b>Status</b></p> <p>Not Implemented</p>

**COUNTY OF SISKIYOU**  
**Prior Year Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

<u>Audit Reference</u>	<u>Status of Prior Year Recommendations</u>
<b>2022-005</b>	<b>Schedule of Expenditures of Federal Awards</b>  <b>Recommendation</b>  We recommend that the County review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.  <b>Status</b>  Implemented
<b>2022-006</b>	<b>Amortization of Intangible Assets</b>  <b>Recommendation</b>  We recommend that intangible assets that have a definite useful life be amortized.  <b>Status</b>  Not Implemented

**COUNTY OF SISKIYOU  
Management's Corrective Action Plan  
For the Year Ended June 30, 2023**

**2023-001 Community Development Block Grants/State's Program and Non-Entitlement in Hawaii**

We recommend that the County develop a program to monitor compliance with the loan provisions in accordance with the County Loan Servicing Policies and Procedures.

Management's Response: The County concurs with the finding.

Responsible Individual: Kristen Lackey, Project Coordinator

Corrective Action Plan: We will implement a process to review loan documents.

Anticipated Completion Date: June 30, 2024

**2022-002 Implementation of Governmental Accounting Standards Board Statement Nos. 84 and 96 (Material Weakness)**

We recommend that the County implement GASB Statement Nos. 84 and 96 and classify all fiduciary funds and all additions and deductions according to the statement, and report SBITAs according to the Statements.

Management's Response: The County concurs with the finding.

Responsible Individual: Diane Olson, Auditor-Controller

Corrective Action Plan: As soon as the budget process is completed, we will begin the process of implementing GASB Statement Nos. 84 and 96.

Anticipated Completion Date: June 30, 2024

**2023-003 Receivables (Material Weakness)**

We recommend that the County review receivables and allowance for doubtful accounts at year-end to determine if they have properly accrued all necessary receivables and allowances.

Management's Response: The County concurs with the finding.

Responsible Individual: Diane Olson, Auditor-Controller

Corrective Action Plan: We will review the County accrual process.

Anticipated Completion Date: June 30, 2024

**2023-004 Amortization of Intangible Assets (Significant Deficiency)**

We recommend that intangible assets that have definite useful lives be amortized.

Management's Response: The County concurs with the finding.

Responsible Individual: Diane Olson, Auditor-Controller

Corrective Action Plan: We will analyze the intangible assets.

Anticipated Completion Date: June 30, 2024

**COUNTY OF SISKIYOU**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2023**

**2023-005 Monies Held in Auditor's Trust (Significant Deficiency)**

We recommend the Auditor's Trust be reconciled to open deposits each month.

Management's Response: The County concurs with the finding.

Responsible Individual: Diane Olson, Auditor-Controller

Corrective Action Plan: With the turnover in staff and lack of staff, the Auditor's Office has lost critical historical knowledge as to where funds should be deposited and thus, have been placed in the Auditor's Trust for safekeeping. We have implemented a process to balance the Auditor's Trust on a monthly basis so that the funds that are placed in this account are identified and transferred on a monthly basis.

Anticipated Completion Date: June 30, 2024