




## Inter Office Memo

DATE: May 24, 2024  
 TO: Audit Committee Members  
 FROM: Paul Nerland, County Administrative Officer   
 SUBJECT: Award Recommendation for External Audit Services

### EXECUTIVE SUMMARY

On March 21, 2024, the Fresno County Administrative Office issued a Request for Proposal (RFP) through the Purchasing Division of the Internal Services Department to qualified firms to provide external audit services for various audits and agreed-upon procedures within the County of Fresno for Fiscal Year (FY) 2023-24 through FY 2025-26, with the option of two (2) additional extensions through FY 2027-28.

The RFP sought proposals on two engagements. These engagements include two separate scopes of work to be performed by two separate contractors. Scope of Work A includes the County's Annual Comprehensive Financial Report (ACFR), the Single Audit, County Treasury Counts, and the County Treasury Pool and Investment Policy audits. Scope of Work B includes the Cal EMA and Fresno County Transportation Authority Measure C audits, Financial Assurance Letters for the Coalinga and Southeast Regional Disposal Sites, the annual report on the County's Appropriation Limit, In-Home Supportive Service Public Authority audit, the Fresno County Zoo Authority audit, the Fresno County Tobacco Funding Corporation audit, Countywide Service Areas, Waterworks Districts, Maintenance Districts, Highway Lighting Districts and Solid Waste audits, and a report on the Fresno County Community Corrections Partnership Executive Committee.

Proposers were allowed to propose for both engagements, but were informed in the RFP that a proposer could only be awarded one of the two engagements.

The County received proposals from four audit firms that were evaluated by a three-member review committee. All firms proposed for both scopes of work. The review committee recommends the firm of Brown Armstrong Accountancy Corporation for the contract for Scope of Work A, and the firm of CliftonLarsonAllen, LLP (CLA) for the contract for Scope of Work B.

### SUMMARY OF REQUESTED SERVICES

The RFP sought proposals from accounting firms for external audit services for various audits and agreed-upon procedures within the County of Fresno. These engagements include two separate scopes of work to be performed by two separate contractors. Scope of Work A includes the County's Annual Comprehensive Financial Report (ACFR), the Single Audit, County Treasury Counts, and the County Treasury Pool and Investment Policy audits. Scope of Work B includes the Cal EMA and Fresno County Transportation Authority Measure C audits, Financial Assurance Letters for the Coalinga and Southeast Regional Disposal Sites, the annual report on the County's Appropriation Limit, In-Home Supportive Service Public Authority audit, the Fresno County Zoo Authority audit, the Fresno County Tobacco Funding Corporation audit, Countywide Service Areas,

Waterworks Districts, Maintenance Districts, Highway Lighting Districts and Solid Waste audits, and a report on the Fresno County Community Corrections Partnership Executive Committee.

### **PROPOSALS RECEIVED**

Four (4) proposals were received and accepted by Purchasing. The RFP review committee reviewed the proposals submitted by the following organizations:

1. Brown Armstrong Accountancy Corporation
2. Clifton Larson Allen, LLC
3. Eide Bailly
4. Price Paige & Company

### **RFP REVIEW COMMITTEE MEMBERS**

The review committee consisted of three (3) representatives as noted below:

- Fresno County Probation Department (1)
- Fresno County Auditor-Controller's Office (1)
- Fresno County Department Public Works and Planning (1)

The evaluation was facilitated by a member of my office. On April 29, 2024, the review committee members reviewed and ranked the proposals and rendered recommendations for both Scope of Work A and Scope of Work B.

### **REVIEW COMMITTEE RECOMMENDATIONS**

The Review Committee determined that Brown Armstrong demonstrated the mandatory and technical requirements and relevant experience needed for both Scope A and Scope B services; however, firm's proposal for Scope A provided was most suited to the County's needs. The firm's pricing for services under Scope A was the lowest among all bidders by a significant margin. Based on the overall review of the proposal for Scope of Work A, the Review Committee recommends engaging Brown Armstrong for the requested services in Scope of Work A. Although Brown Armstrong is the County's current auditor this was not a factor considered in the review. It should be noted that in order to comply with Government Code section 12410.6, subdivision (b), which states that a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years, Brown Armstrong will be assigning a different engagement partner beginning with audit for FY 2024-25.

The Review Committee determined that Clifton Larson Allen, LLP, demonstrated the mandatory and technical requirements and relevant experience needed for both Scope A and Scope B services. CLA provided a thorough and comprehensive proposal; however, the pricing for Scope A is significantly higher than that Brown Armstrong. Although the firm's pricing for Scope B is the second highest, the CLA's overall proposal demonstrated a firm understanding of the needs and desired outcomes of the County. Based on the overall review for the proposal for Scope of Work B, the Review Committee recommends engaging Clifton Larson Allen, LLP, for the requested services in Scope of Work B. As a result of negotiation on the final version of the proposed agreement with Clifton Larson Allen includes two differences from the usual contractual language that the County uses. First, section 8.3 provides that either party, instead of just the County, may terminate the agreement without cause upon 30 days' advance written notice. Second, section 11.1, limits the contractor's indemnity of the County to losses that are directly caused by the Contractor's negligence or willful misconduct. The County's agreements usually provide indemnity more broadly for any losses that "arise from or relate to the performance or failure to perform by

the Contractor." The Administrative Office believes that these differences do not present unreasonable risks to the County.

1 **AUDIT SERVICES AGREEMENT**

2 This Audit Services Agreement (“Agreement”) is dated \_\_\_\_\_ and is  
3 between CliftonLarsonAllen, LLP, a California limited liability partnership (“Contractor”) and the  
4 County of Fresno, a political subdivision of the State of California (“County”).

5 **Recitals**

6 A. The County published its Request for Proposal No. 24-050 for External Audit Services,  
7 dated March 21, 2024, and Addendum Number 1 to that request, dated April 2, 2024, (together,  
8 the “RFP”), in order to seek the independent and professional external audit services of a  
9 qualified certified public accounting firm for the County’s Fiscal Years 2023-24 through 2025-26.

10 B. The Contractor submitted its “Proposal for External Audit Services,” dated April 15, in  
11 response to the RFP (“Contractor’s Proposal”).

12 C. The parties desire that the Contractor shall provide independent audit services to the  
13 County for each Fiscal Year Covered by this Agreement (as that term is defined in section 7.3).

14 D. The Contractor’s Proposal represents to the County that:

- 15 1. The Contractor is highly qualified to provide the most efficient and responsive  
16 independent professional audit services to the County;
- 17 2. The Contractor has extensive experience in serving public sector clients;
- 18 3. The Contractor proposes a very qualified auditing team which has worked on other  
19 large audits;
- 20 4. Each of the Contractor’s partners, senior managers and other supervisory  
21 professionals, whom the Contractor has selected to provide services for the County,  
22 specializes in the government industry; and
- 23 5. The contractor meets the independence standards contained in *Government*  
24 *Auditing Standards*, issued by the United States General Accounting Office (“the  
25 Yellow Book”), and is independent of the County and all of the other agencies listed  
26 in section 2.1 of this Agreement.
- 27  
28



1 E. The parties desire to enter into an agreement for the provision of independent,  
2 professional audit services by a qualified certified public accounting firm as requested by the  
3 County and proposed by the Contractor.

4 The parties therefore agree as follows:

5 **Article 1**

6 **Contractor’s Warranties, Representations, Covenants, and Assurances**

7 1.1 The Contractor warrants, represents, and covenants to the County that:

8 (A) The Contractor is highly qualified to provide the most efficient and responsive  
9 independent, professional audit services to the County;

10 (B) The Contractor is familiar with and has a comprehensive understanding of the  
11 County’s operations, accounting systems, and policies;

12 (C) The Contractor has extensive experience in serving public sector clients;

13 (D) The Contractor proposes and will assign a very qualified audit team which has  
14 worked on other large audits;

15 (E) Each of the Contractor’s partners, senior managers, managers, and other  
16 supervisory professionals, whom the Contractor has selected to provide services for the  
17 County, specializes in the government industry; and

18 (F) The Contractor meets the independence standards contained in the Yellow Book,  
19 and is independent of the County and all of the County’s independent component units.

20 1.2 **Contractor’s Professional Team.** The Contractor will use its best efforts to assign  
21 the professionals identified in this section 1.2 (“Contractor’s Professional Team”) to perform  
22 services under this Agreement. Contractor’s Professional Team is composed of the following  
23 persons:

<b>Name</b>	<b>Professional Staff Level</b>
Richard Gonzalez, CPA	Engagement Principal
Brienne Wiese, CPA	Technical Resource Principal
Anita Supinski, CPA	Quality Assurance Principal
Robert Perl, CPA	Engagement Manager

1 Joseph Hudson Engagement Senior

2 Richard Hegner Engagement Senior

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4 1.3 **Acknowledgment of Unrelated Services.** The parties acknowledge that the  
5 Contractor, as an independent contractor, intends to use members of Contractor's Professional  
6 Team during the term of this Agreement to provide services to others unrelated to the County or  
7 to this Agreement, but the Contractor agrees that it will not enter into any other agreements or  
8 engagements for other clients that would materially impair the Contractor's ability to have  
9 members of Contractor's Professional Team available to perform services under this  
10 Agreement.

11 1.4 **Replacements on Contractor's Professional Team.** If the Contractor appoints a  
12 replacement for any of Contractor's Professional Team members with another one of the  
13 Contractor's professionals, the Contractor shall promptly notify the County of that change in  
14 writing, and provide the replacement professional at no additional cost to the County. The  
15 replacement professional must possess a similar level of governmental auditing experience and  
16 expertise required to allow the Contractor to fully and properly carry out its obligations under this  
17 Agreement, and the replacement professional must be one who is, in the normal course of the  
18 Contractor's business, classified by the Contractor at the same or a higher professional staff  
19 level as the professional replaced. The County Administrative Officer reserves the right to  
20 approve or reject any of the Contractor's replacement professionals. The County Administrative  
21 Officer shall promptly notify the Contractor of the approval or rejection of a replacement  
22 professional following the County's receipt of notice of the replacement professional's  
23 appointment by the Contractor.

24 **Article 2**

25 **Obligations of the Contractor**

26 2.1 **Audit Services.** For each Fiscal Year Covered by this Agreement (as that term is  
27 defined in section 7.3), the Contractor shall provide the following audit services:  
28

1 (A) The Contractor shall perform an audit of the California Emergency Management  
2 Agency ("CalEMA"), Office of Criminal Justice Planning ("OCJP"), and Fresno County  
3 Transportation Authority ("Measure C") grants.

4 (B) The Contractor shall prepare a financial assurance letter for the Coalinga,  
5 Southeast Regional, and Blue Hills Disposal Sites for the California Environmental  
6 Protection Agency to satisfy the requirements of California Code of Regulations, Title 27,  
7 Division 2, Subdivision 1, Chapter 6, section 22249.

8 (C) The Contractor shall perform a financial review of the County's GANN  
9 appropriations limit as required by Proposition 111.

10 (D) The Contractor shall perform an audit of the Fresno County In-Home Supportive  
11 Services Public Authority.

12 (E) The Contractor shall perform an audit of the Fresno County Zoo Authority.

13 (F) The Contractor shall perform an audit of the Fresno County Tobacco Funding  
14 Corporation.

15 (G) The Contractor shall perform an audit of the Fresno County Service Areas,  
16 Waterworks Districts, Maintenance Districts, Highway Lighting Districts, and Solid Waste  
17 Commissions.

18 (H) The Contractor shall issue a report for the purpose of meeting the audit  
19 requirements of the Fresno County Community Corrections Partnership Executive  
20 Committee established by Assembly Bill 118 for Fund 0271, Subclass 13022,  
21 Organization 3436, Local Community Corrections Account.

22 2.2 The purpose of the audit of the financial statements of the County and the other  
23 agencies listed above is to enable the Contractor to issue the written independent auditor's  
24 reports listed in section 3.2.

25 2.3 For each Fiscal Year Covered by this Agreement, the Contractor shall meet  
26 separately with the County's Audit Coordinator (as that term is defined in section 6.1 of this  
27 Agreement) during the year-end fieldwork and bi-weekly thereafter as deemed necessary by the  
28 County's Audit Coordinator, to discuss the audit progress. A written status report on audit

1 progress and instances of failure by either party to comply with the terms of the Agreement shall  
2 be provided by the Contractor and discussed during these meetings. That report to the County  
3 is not, in and of itself, notice to the County that the County is in breach of this Agreement. Also,  
4 at those meetings, the County's Audit Coordinator shall present any deviations that Contractor  
5 has made from the work schedule requirements. Any revision to the scheduled requirements  
6 must be agreed upon in writing by both the County's Audit Coordinator and the Contractor.

7 2.4 The Contractor shall submit by mail the confirmations prepared and delivered by the  
8 Auditor-Controller/Treasurer-Tax Collector under section 6.2 of this Agreement.

9 2.5 The Contractor shall comply with all of the provisions of Exhibit E, "Data Security."

### 10 **Article 3**

#### 11 **Performance of Work**

12 3.1 **Method of Auditing.** The Contractor's shall perform audit services under this  
13 Agreement in accordance with auditing standards generally accepted in the United States of  
14 America and *Government Auditing Standards*, issued by the Comptroller General of the United  
15 States;; the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States,*  
16 *Local Governments, and Non-Profit Organizations* and the related compliance supplement  
17 ("OMB Circular A-133"), and any other applicable laws, regulations, and professional standards.

18 3.2 **Issuance of Reports.** For each Fiscal Year Covered by this Agreement, following  
19 the Contractor's completion of the audit of the fiscal year's financial statements, the Contractor  
20 shall issue to the County's Audit Committee the following written reports in accordance with  
21 applicable laws, regulations, and professional standards:

22 (A) The Contractor shall issue written independent auditor's reports regarding the  
23 CalEMA, OCJP, and Measure C grants in order to meet the audit requirements of those  
24 grants.

25 (B) The Contractor shall issue a financial assurance letter on the Coalinga,  
26 Southeast Regional, and Blue Hills Disposal Sites for the California Environmental  
27 Protection Agency to satisfy the requirements of California Code of Regulations, Title 27,  
28 Division 2, Subdivision 1, Chapter 6, section 22249.

1 (C) The Contractor shall issue a written report on the financial review of the County's  
2 annual calculation of its GANN appropriations limit as required by Proposition 111.

3 (D) The Contractor shall issue a written independent auditor's report on the Fresno  
4 County In-Home Supportive Service Public Authority.

5 (E) The Contractor shall issue a written independent auditor's report for the Fresno  
6 County Zoo Authority.

7 (F) The Contractor shall issue a written independent auditor's report for the Fresno  
8 County Tobacco Funding Corporation.

9 (G) The Contractor shall issue written independent auditor's reports for the Fresno  
10 County Service Areas, Waterworks Districts, Maintenance Districts, Highway Lighting  
11 Districts, and Solid Waste Commissions as listed in Exhibit C.

12 (H) The Contractor shall issue written independent auditor's reports to satisfy the  
13 audit requirements for the Fresno County Community Corrections Partnership Executive  
14 Committee.

15 3.3 **Copies of Reports.** The Contractor shall provide to the County 20 copies of all  
16 reports listed above, as well as copies for all filings with other government agencies.

17 3.4 **Irregularities and Illegal Acts.** CONTRACTOR shall promptly make a written report  
18 to the COUNTY's Audit Committee (provided however, for any act involving a member of the  
19 Audit Committee, to the Board of Supervisors) of all irregularities or illegal acts of which  
20 CONTRACTOR becomes aware.

21 3.5 **Release of Information.** Any reports, information or other data prepared or  
22 assembled by the Contractor under this agreement shall not be made available to any  
23 individual, organization or entity by the Contractor without the express written consent of the  
24 County.

25 3.6 **Reporting to the Audit Committee.** Pursuant to AICPA Statement on Auditing  
26 Standards No. 114, "The Auditor's Communications With Those Charged With Governance,"  
27 effective December 15, 2006, the Contractor shall ensure that the County's management  
28



1 charged with governance, including the Audit Committee, is informed in writing of each of the  
2 following applicable matters, as defined in such statement on auditing standards:

3 (A) The Contractor's responsibility to the County under generally accepted auditing  
4 standards;

5 (B) Significant accounting practices, including accounting policies and estimates, and  
6 financial statement disclosures;

7 (C) Management judgments and accounting estimates;

8 (D) Significant audit adjustments;

9 (E) Other information in documents containing audited financial statements;

10 (F) Disagreements with management;

11 (G) Management consultation with other accountants;

12 (H) Major issues discussed with management prior to retention; and

13 (I) Difficulties encountered in performing each audit performed under this  
14 Agreement.

15 3.7 **Special Considerations.** All reports required to be prepared and provided under  
16 this Agreement must be issued separately.

#### 17 **Article 4**

#### 18 **Dates and Timelines**

19 4.1 **Time of the Essence.** The Contractor acknowledges that time is of the essence in  
20 the performance of its services under this Agreement.

21 4.2 **County Readiness.** The County will have financial system records ready for audit  
22 and all management personnel available to meet with the Contractor's personnel as of August 1  
23 of each Fiscal Year Covered by this Agreement, except that for the first Fiscal Year Covered by  
24 this Agreement, the County will be ready within 30 days after the County executes this  
25 Agreement.

26 4.3 **Completion Dates.** For each Fiscal Year Covered by this Agreement, the Contractor  
27 shall complete the following tasks by the following dates for the relevant fiscal year. For  
28 purposes of this schedule, "the relevant fiscal year" means the fiscal year under audit.

1 (A) **Interim Work.** The Contractor shall complete all interim work by July 31 after the  
2 relevant fiscal year.

3 (B) **Detailed Audit Plan.** The Contractor shall provide the County, by August 9, after  
4 the relevant fiscal year, both a detailed audit plan and list of schedules to be prepared by  
5 the County.

6 (C) **Fieldwork.** The Contractor shall complete all fieldwork by October 31 after the  
7 relevant fiscal year.

8 (D) **Management Letter and SAS 114 Audit Committee Communication.** The  
9 Contractor shall complete and provide draft report copies of the County Management  
10 Letter and SAS 114 Audit Committee Communication by November 22 after the relevant  
11 fiscal year.

12 (E) **Draft Reports**

13 (1) The Contractor shall complete and provide draft report copies of CalEMA,  
14 OCJP, and Measure C grant audits by February 15 after the relevant Fiscal Year, to  
15 meet the March 15, filing deadline.

16 (2) The Contractor shall complete and provide draft report copies related to  
17 Treasury Oversight by November 27, and the GANN appropriations limit as required  
18 by Proposition 111 by September 13 after the relevant fiscal year.

19 (3) The external auditor shall complete and provide draft report copies of the  
20 Coalinga and Southeast Regional, and Blue Hills Disposal Site Review by February  
21 15, 2025, to meet the March 15, 2025, filing deadline.

22 (4) The Contractor shall complete and provide draft report copies related to the  
23 In Home Support Services Public Authority audit by May 1 after the relevant fiscal  
24 year.

25 (5) The Contractor shall complete and provide draft report copies related to the  
26 Fresno County Zoo Authority audit by June 30 after the relevant fiscal year.  
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1 (6) The Contractor shall complete and provide draft report copies related to the  
2 Fresno County Tobacco Funding Corporation audit by February 15 after the relevant  
3 fiscal year.

4 (7) The Contractor shall complete and provide draft report copies related to the  
5 Fresno County Service Areas, Waterworks Districts, Maintenance Districts, Highway  
6 Lighting Districts, and Solid Waste Commissions no later than June 30 of  
7 subsequent Fiscal Year.

8 (8) The Contractor shall complete and provide draft report copies related to the  
9 Fresno County Community Corrections Partnership by June 30 after the relevant  
10 fiscal year.

11 4.4 **Revision of Completion Dates.** Notwithstanding anything else stated to the  
12 contrary in this Article 4, the parties may mutually agree in writing to revise the date of  
13 completion of any of the Contractor's work under this agreement, if they confirm that agreement  
14 in writing. The County Administrative Officer may confirm such an agreement on behalf of the  
15 County.

## 16 **Article 5**

### 17 **Access to Working Papers**

18 5.1 **County's Right to Access Working Papers.** Notwithstanding anything in Article 17  
19 of this Agreement, the County has the right under this Agreement to authorize the County's  
20 Designees to have the right, during the Contractor's normal office hours with reasonable,  
21 advance notification given to the Contractor, to access all of the Contractor's working papers  
22 and reports prepared under this Agreement, including the Contractor's Proprietary Information  
23 contained in those papers and reports. The term "County's Designees" means any interested  
24 Federal Agency (including the United States General Accounting Office), any interested State of  
25 California Agency, any person or entity, however organized, designated by the Federal or  
26 California State governments, or of their agencies, or by the County as part of an audit quality  
27 review process, auditors of entities of which the County is a sub-recipient of Federal or State  
28 grant funds, or auditors of entities of which the County is a component unit. But the "County's

1 Designees” do not include the County, any of its officials, or an independent auditor of the  
2 County that is a successor of the Contractor.

3       **5.2 Compliance with Inquiries to Access Working Papers.** The Contractor shall  
4 comply with the reasonable inquiries of the County (including the County Administrative Officer  
5 and the County’s Auditor-Controller/Treasurer-Tax Collector) or any independent auditor of the  
6 County that is a successor of the Contractor, and allow the County (including the County  
7 Administrative Officer and the County’s Auditor-Controller/Treasurer-Tax Collector) and such  
8 successor independent auditors to have access to all of the Contractor’s working papers and  
9 reports relating to matters of continuing accounting significance, except that the County  
10 (including the County Administrative Officer and the County’s Auditor-Controller/Treasurer-Tax  
11 Collector) and such successor independent auditors are not authorized under this section 5.2 to  
12 have access to Contractor’s Proprietary Information.

13       **5.3 Definition of Proprietary Information.** For purposes of this Article 5, “Proprietary  
14 Information” means documents and other material created by the Contractor that relate  
15 principally to the conduct any audit by the Contractor under this Agreement and would be  
16 generally recognized in the professional independent auditing industry as containing or  
17 revealing the Contractor’s unique audit procedures or processes, confidential information, or  
18 trade secrets (e.g., the Contractor’s audit programs or audit planning memoranda).

19       **5.4 Retention Period.** All of the Contractor’s working papers and reports must be  
20 retained, at the Contractor’s sole expense, for a minimum of four years following the completion  
21 of the Contractor’s performance of audit services under this Agreement, unless and until the  
22 county notifies the Contractor within that four-year period that the retention period must be  
23 extended.

24       **5.5 Survival.** The terms of this Article 5, “Access to Working Papers,” shall survive the  
25 termination of this Agreement.

1 **Article 6**

2 **Obligations of the County**

3 6.1 **County's Audit Coordinator.** The Accounting and Financial Division Chief for the  
4 Financial Reporting and Audits Division of the County's Auditor-Controller/Treasurer-Tax  
5 Collector's office is the County's Audit Coordinator. The responsibilities of the Audit Coordinator  
6 include advising County departments of the Contractor's audit schedule and the anticipated  
7 areas planned for audit, and working with the county departments and obtaining their  
8 cooperation to enable the Contractor to fulfill its obligations under this Agreement. The  
9 Contractor shall provide sufficient, advance information to permit the County's Audit Coordinator  
10 to fulfill its responsibilities under this Agreement.

11 6.2 **Auditor-Controller/Treasurer-Tax Collector.** The Auditor-Controller/Treasurer-Tax  
12 Collector staff and responsible management personnel will be available to assist the Contractor  
13 by providing information, documentation, and explanations as needed for the Contractor to  
14 perform services under this agreement. The accurate preparation of confirmations, as requested  
15 by the Contractor, is the responsibility of the Auditor-Controller/Treasurer-Tax Collector, which  
16 will deliver them to the Contractor.

17 (A) For each Fiscal Year Covered by this Agreement, the Auditor-  
18 Controller/Treasurer-Tax Collector will provide up to 40 hours of clerical support the  
19 external auditor to prepare and print letters and coordinate communication regarding  
20 meetings.

21 6.3 **Electronic Data Processing Assistance.** The Information Technology Division of  
22 the County's Internal Services Department ("IT/ISD") will provide reasonable assistance as  
23 listed in subdivision (A) and (B) below as needed for the Contractor to perform services under  
24 this agreement. "Reasonable assistance" means assistance that does not interfere with the  
25 delivery by IT/ISD of services and support to County departments.

26 (A) IT/ISD will provide Electronic Data Processing personnel to provide systems  
27 documentation and explanations.

28 (B) IT/ISD will provide computer time and use of computer hardware and software.



1           6.4     **Statements and Schedules.** The Auditor-Controller/Treasurer-Tax Collector will  
2 prepare statements and schedules for the external auditor by the dates indicated in section 4.3  
3 of this Agreement.

4           6.5     **Work Area, Telephone, Photocopying and Fax Machines.** The County will provide  
5 the Contractor with reasonable workspace, including desk and chairs, as needed for the  
6 Contractor to perform services under this Agreement. The County will also provide the  
7 Contractor with access to one telephone line, photocopying facilities, and access to a fax  
8 machine subject to the following restrictions:

9                   (A) The items provided under this section 6.5 are only available during the operating  
10 hours of the County department where they are located.

11                   (B) Phone calls are limited to local calls.

12                   (C) Workspace is provided subject to the capacity of the County department where it  
13 is located. The County anticipates that the Auditor-Controller/Treasurer-Tax Collector will  
14 have workspace for up to five Contractor personnel at a time, but cannot guarantee that  
15 quantity of workspace.

16                   (D) Fax services are limited to local service of an emergency nature.

17                   (E) The Contractor may only access photocopying facilities with prior approval by  
18 County department management where the facilities are located.

19           6.6     **Report Preparation.** The County is responsible for preparation, and editing of its  
20 basic financial statements.

21   **Article 7**

22   **Term**

23           7.1     This Agreement is effective when both parties have signed and continues until the  
24 Contractor has performed all of its obligations under this Agreement for all of the first three  
25 Fiscal Years Covered by this Agreement (namely, the 2023-24, 2024-25, and 2025-26 fiscal  
26 years), unless this Agreement is terminated sooner as provided in Article 8, or extended as  
27 provided in section 7.2.

1 7.2 **Optional Extension.** This Agreement may be extended for services including up to  
2 two additional consecutive fiscal years upon signed written approval of both parties no later than  
3 May 1 of the of the additional fiscal year. The County Administrative Officer or his or her  
4 designee is authorized to sign such written approval on behalf of the County.

5 7.3 **Definition of “Fiscal Year Covered by this Agreement.”** The term “Fiscal Year  
6 Covered by this Agreement” means the 2023-24 through 2025-26 fiscal years and, for each  
7 extension authorized under section 7.2, the next ensuing fiscal year (namely, first, the 2026-27  
8 fiscal year, and then the 2027-28 fiscal year)..

9 **Article 8**  
10 **Termination**

11 8.1 **Non-Allocation of Funds.** The terms of this Agreement, and the services to be  
12 provided under it, are contingent on the approval of funds by the appropriating government  
13 agency. If sufficient funds are not allocated, the services provided may be modified, or this  
14 Agreement terminated, at any time by the County giving the Contractor 30 days’ advance  
15 written notice.

16 8.2 **Breach of Contract.** The County may immediately suspend or terminate this  
17 Agreement in whole or in part, where in the determination of the County there is:

- 18 (A) An illegal or improper use of funds;
- 19 (B) A failure to comply with any term of this Agreement;
- 20 (C) A substantially incorrect or incomplete report submitted to the County;
- 21 (D) Improperly performed service.

22 8.3 **Without Cause.** Under circumstances other than those set forth above, either party  
23 may terminate this Agreement by giving of at least 30 days’ advance written notice to the  
24 Contractor of either party’s intention to terminate.

25 8.4 **County’s Right to Demand Repayment.** The County has the right to demand of the  
26 Contractor the repayment to the County of any funds disbursed to the Contractor under this  
27 Agreement, which in the sole judgment of the County were not expended in accordance with the  
28 terms of this Agreement. The Contractor shall promptly refund any such funds upon demand.

1 **Article 9**

2 **Compensation and Invoicing**

3 9.1 The County agrees to pay the Contractor, and the Contractor agrees to receive,  
4 payment under this Article 9 as full compensation for services performed under this Agreement.

5 9.2 **Hourly Rates.** The hourly rates for the Contractor’s personnel, for services provided  
6 for each Fiscal Year Covered by this Agreement, are as follows:

7

	First Fiscal Year Covered by this Agreement	Second Fiscal Year Covered by this Agreement	Third Fiscal Year Covered by this Agreement	Fourth Fiscal Year Covered by this Agreement (if exercised)	Fifth Fiscal Year Covered by this Agreement (if exercised)
8 Partners or Principals/Signing Directors (e.g., Mr. Gonzalez, Ms. Wiese, and Ms. Supinski)	\$350	\$368	\$386	\$405	\$425
9 Managers (e.g., Mr. Perl)	\$275	\$289	\$303	\$318	\$334
10 Supervisory Staff or Seniors (e.g., Mr. Hudson and Mr. Hegner)	\$215	\$226	\$237	\$249	\$261
11 Staff or Associates	\$165	\$173	\$182	\$191	\$201

12

13

14 9.3 **Progress Payments.** Subject to the maximum amounts payable in section 9.4, the  
15 County will make progress payments based on the hours of work actually performed during the  
16 term of this Agreement. Progress billings must cover a period of not less than four weeks, but  
17 the Contractor may not submit more than one billing in any calendar month. The Contractor  
18 shall submit progress billing invoices to the address provided for the County in Article 14 of this  
19 Agreement.

20 9.4 **Maximum Amount Payable.** The total maximum amount payable to the Contractor  
21 for performing all services under this Agreement shall not exceed \$523,257 for the initial three  
22 (3) Fiscal Years Covered by this Agreement for Audit Services and Out-of-Pocket Expenses.  
23 Should the term of this Agreement be extended for the additional two one-year renewals, the  
24 cost for all services under this Agreement shall not exceed \$393,832. The maximum amount for  
25 the initial three (3) Fiscal Years Covered and the additional two one-year renewals if exercised  
26 shall not exceed \$917,089. For each of the tasks described in section 2.1 of this Agreement  
27 (including all of the reports required under section 3.2 of this Agreement), the maximum amount  
28 payable to the Contractor is as stated in the schedules in Exhibit B to this Agreement.

1 9.5 **Amount Withheld until Delivery of Final Reports.** The County will withhold 10  
2 percent of the amount due from each billing pending delivery of the Contractor's final reports.

3 9.6 **Assumptions.** The maximum amount payable to the Contractor under this  
4 Agreement assumes the following:

5 (A) That the County will prepare the basic financial statements,

6 (B) That the financial statements prepared by the County will require few material  
7 audit adjustments by the Contractor.

8 (C) That the County provides complete and accurate information timely.

9 (D) "Notwithstanding anything in this section 9.6, the Contractor acknowledges that  
10 the County is a local government entity, and does so with notice that the County's  
11 powers are limited by the California Constitution and by State law, and with notice that  
12 the Contractor may receive compensation under this Agreement only for services  
13 performed according to the terms of this Agreement and while this Agreement is in  
14 effect, and subject to the maximum amount payable under this section. The Contractor  
15 further acknowledges that County employees have no authority to pay the Contractor  
16 except as expressly provided in this Agreement.

17 9.7 **Incidental Expenses.** All expenses incidental to the Contractor's performance of  
18 services under this Agreement shall be borne solely by the Contractor.

## 19 **Article 10**

### 20 **Independent Contractor**

21 10.1 In performance of the work, duties and obligations assumed by the Contractor under  
22 this Agreement, it is mutually understood and agreed by the parties that the Contractor,  
23 including any and all of the Contractor's officers, agents, and employees will at all times be  
24 acting and performing as an independent contractor, and shall act in an independent capacity  
25 and not as an officer, agent, servant, employee, joint venturer, partner, or associate of the  
26 County. Furthermore, the County has no right to control or supervise or direct the manner or  
27 method by which the Contractor performs its work and function under this Agreement. However,  
28

1 the County retains the right to administer this Agreement so as to verify that the Contractor is  
2 performing its obligations in accordance with the terms and conditions of this Agreement.

3 10.2 Each of the parties shall comply with all applicable provisions of law and the rules  
4 and regulations, if any, of governmental authorities having jurisdiction over matters that are the  
5 subject of those provisions.

6 10.3 Because of its status as an independent contractor, the Contractor has absolutely no  
7 right to employment rights and benefits available to County employees. The Contractor is solely  
8 liable and responsible for providing to, or on behalf of, its employees all legally required  
9 employee benefits. In addition, the Contractor is solely responsible and save the County  
10 harmless from all matters relating to payment of the Contractor's employees, including  
11 compliance with Social Security withholding and all other regulations governing such matters.  
12 The parties acknowledge that during the term of this Agreement, the Contractor may be  
13 providing services to others unrelated to the County or to this Agreement.

## 14 **Article 11**

### 15 **Indemnity**

16 11.1 **Indemnity.** The Contractor shall indemnify and hold harmless and defend the  
17 County (including its officers, agents, employees, and volunteers) against all claims, demands,  
18 injuries, damages, costs, expenses (including attorney fees and costs), fines, penalties, and  
19 liabilities of any kind to the County, the Contractor, or any third party that arise from or relate to  
20 the performance or failure to perform by the Contractor (or any of its officers, agents,  
21 subcontractors, or employees) under this Agreement directly caused by the Contractor's  
22 negligence or willful misconduct. The County may conduct or participate in its own defense  
23 without affecting the Contractor's obligation to indemnify and hold harmless or defend the  
24 County.

25 11.2 **Survival.** This Article 8 survives the termination of this Agreement.  
26  
27  
28



1 **Article 12**

2 **Insurance**

3 12.1 Without limiting the County's right to obtain indemnification from the Contractor or  
4 any third parties, the contractor, at its sole expense, shall maintain in full force and effect, the  
5 following insurance policies throughout the term of this Agreement:

6 (A) **Commercial General Liability.** Commercial general liability insurance with limits  
7 of not less than Two Million Dollars (\$2,000,000) per occurrence and an annual  
8 aggregate of Four Million Dollars (\$4,000,000). This policy must be issued on a per  
9 occurrence basis. Coverage must include products, completed operations, property  
10 damage, bodily injury, personal injury, and advertising injury. The Contractor shall obtain  
11 an endorsement to this policy naming the County of Fresno, its officers, agents,  
12 employees, and volunteers, individually and collectively, as additional insureds, but only  
13 insofar as the operations under this Agreement are concerned. Such coverage for  
14 additional insureds will apply as primary insurance and any other insurance, or self-  
15 insurance, maintained by the County is excess only and not contributing with insurance  
16 provided under the Contractor's policy.

17 (B) **Automobile Liability.** Automobile liability insurance with limits of not less than  
18 One Million Dollars (\$1,000,000) per occurrence for bodily injury and for property  
19 damages. Coverage must include any auto used in connection with this Agreement.

20 (C) **Professional Liability.** Professional liability insurance with limits of not less than  
21 One Million Dollars (\$1,000,000) per occurrence and an annual aggregate of Three  
22 Million Dollars (\$3,000,000). If this is a claims-made policy, then (1) the retroactive date  
23 must be prior to the date on which services began under this Agreement; (2) the  
24 Contractor shall maintain the policy and provide to the County annual evidence of  
25 insurance for not less than five years after completion of services under this Agreement;  
26 and (3) if the policy is canceled or not renewed, and not replaced with another claims-  
27 made policy with a retroactive date prior to the date on which services begin under this  
28 Agreement, then the Contractor shall purchase extended reporting coverage on its

1 claims-made policy for a minimum of five years after completion of services under this  
2 Agreement..

3 (D) **Worker’s Compensation.** Workers compensation insurance as required by the  
4 laws of the State of California with statutory limits.

5 (E) **Employer’s Liability.** Employer’s liability insurance with limits of not less than  
6 One Million Dollars (\$1,000,000) per occurrence for bodily injury and for disease.

7 (F) **Cyber Liability.** Cyber liability insurance with limits of not less than Two Million  
8 Dollars (\$2,000,000) per occurrence. Coverage must include claims involving Cyber  
9 Risks. The cyber liability policy must be endorsed to cover the full replacement value of  
10 damage to, alteration of, loss of, or destruction of intangible property (including but not  
11 limited to information or data) that is in the care, custody, or control of the Contractor.

12 **Definition of Cyber Risks.** “Cyber Risks” include but are not limited to (i)  
13 Security Breach, which may include Disclosure of Personal Information to an  
14 Unauthorized Third Party; (ii) data breach; (iii) breach of any of the Contractor’s  
15 obligations under Exhibit E of this Agreement, “Data Security”; (iv) system failure;  
16 (v) data recovery; (vi) failure to timely disclose data breach or Security Breach;  
17 (vii) failure to comply with privacy policy; (viii) payment card liabilities and costs;  
18 (ix) infringement of intellectual property, including but not limited to infringement  
19 of copyright, trademark, and trade dress; (x) invasion of privacy, including  
20 release of private information; (xi) information theft; (xii) damage to or destruction  
21 or alteration of electronic information; (xiii) cyber extortion; (xiv) extortion related  
22 to the Contractor’s obligations under this Agreement regarding electronic  
23 information, including Personal Information; (xv) fraudulent instruction; (xvi) funds  
24 transfer fraud; (xvii) telephone fraud; (xviii) network security; (xix) data breach  
25 response costs, including Security Breach response costs; (xx) regulatory fines  
26 and penalties related to the Contractor’s obligations under this Agreement  
27 regarding electronic information, including Personal Information; and (xxi) credit  
28 monitoring expenses

1       **12.2 Additional Requirements Relating to Insurance.**

2           **(A) Verification of Coverage.** Within 30 days after the Contractor signs this  
3           Agreement, and at any time during the term of this Agreement as requested  
4           by the County, the Contractor shall deliver, or cause its broker or producer to  
5           deliver, to the County Risk Manager, at 2220 Tulare Street, 16th Floor,  
6           Fresno, California 93721, or HRRiskManagement@fresnocountyca.gov, and  
7           by mail or email to the person identified to receive notices under this  
8           Agreement, certificates of insurance and endorsements for all of the  
9           coverages required under this Agreement.

10           (i) Each insurance certificate must state that: (1) the insurance coverage  
11           has been obtained and is in full force; (2) the County, its officers,  
12           agents, employees, and volunteers are not responsible for any  
13           premiums on the policy; and (3) the Contractor has waived its right to  
14           recover from the County, its officers, agents, employees, and  
15           volunteers any amounts paid under any insurance policy required by  
16           this Agreement and that waiver does not invalidate the insurance  
17           policy.

18           (ii) The commercial general liability insurance certificate must also state,  
19           and include an endorsement, that the County of Fresno, its officers,  
20           agents, employees, and volunteers, individually and collectively, are  
21           additional insureds insofar as the operations under this Agreement  
22           are concerned. The commercial general liability insurance certificate  
23           must also state that the coverage shall apply as primary insurance  
24           and any other insurance, or self-insurance, maintained by the County  
25           shall be excess only and not contributing with insurance provided  
26           under the Contractor's policy.

27           (iii) The automobile liability insurance certificate must state that the policy  
28           covers any auto used in connection with this Agreement.

1 (iv) The professional liability insurance certificate, if it is a claims-made  
2 policy, must also state the retroactive date of the policy, which must  
3 be prior to the date on which services began under this Agreement.

4 (v) The cyber liability insurance certificate must also state that it is  
5 endorsed, and include an endorsement, to cover the full replacement  
6 value of damage to, alteration of, loss of, or destruction of intangible  
7 property (including but not limited to information or data) that is in the  
8 care, custody, or control of the Contractor.

9 (B) **Acceptability of Insurers.** All insurance policies required under this Agreement  
10 must be issued by admitted insurers licensed to do business in the State of  
11 California and possessing at all times during the term of this Agreement an A.M.  
12 Best, Inc. rating of no less than A: VII.

13 (C) **Notice of Cancellation or Change.** For each insurance policy required under  
14 this Agreement, the Contractor shall provide to the County, or ensure that the  
15 policy requires the insurer to provide to the County, written notice of any  
16 cancellation or change in the policy as required in this paragraph. For  
17 cancellation of the policy for nonpayment of premium, the Contractor shall, or  
18 shall cause the insurer to, provide written notice to the County not less than 10  
19 days in advance of cancellation. For cancellation of the policy for any other  
20 reason, and for any other change to the policy, the Contractor shall, or shall  
21 cause the insurer to, provide written notice to the County not less than 30 days in  
22 advance of cancellation or change. The County in its sole discretion may  
23 determine that the failure of the Contractor or its insurer to timely provide a  
24 written notice required by this paragraph is a breach of this Agreement.

25 (D) **County's Entitlement to Greater Coverage.** If the Contractor has or obtains  
26 insurance with broader coverage, higher limits, or both, than what is required  
27 under this Agreement, then the County requires and is entitled to the broader  
28 coverage, higher limits, or both. To that end, the Contractor shall deliver, or

1 cause its broker or producer to deliver, to the County's Risk Manager certificates  
2 of insurance and endorsements for all of the coverages that have such broader  
3 coverage, higher limits, or both, as required under this Agreement.

4 (E) **Waiver of Subrogation.** The Contractor waives any right to recover from the  
5 County, its officers, agents, employees, and volunteers any amounts paid under  
6 the policy of worker's compensation insurance required by this Agreement. The  
7 Contractor is solely responsible to obtain any policy endorsement that may be  
8 necessary to accomplish that waiver, but the Contractor's waiver of subrogation  
9 under this paragraph is effective whether or not the Contractor obtains such an  
10 endorsement.

11 (F) **County's Remedy for Contractor's Failure to Maintain.** If the Contractor fails  
12 to keep in effect at all times any insurance coverage required under this  
13 Agreement, the County may, in addition to any other remedies it may have,  
14 suspend or terminate this Agreement upon the occurrence of that failure, or  
15 purchase such insurance coverage, and charge the cost of that coverage to the  
16 Contractor. The County may offset such charges against any amounts owed by  
17 the County to the Contractor under this Agreement.

18 (G) **Subcontractors.** The Contractor shall require and verify that all subcontractors  
19 used by the Contractor to provide services under this Agreement maintain  
20 insurance meeting all insurance requirements provided in this Agreement. This  
21 paragraph does not authorize the Contractor to provide services under this  
22 Agreement using subcontractors.

23  
24 **Article 13**

25 **Audits and Inspections**

26 13.1 The Contractor shall at any time during business hours, and as often as the County  
27 may deem necessary, make available to the County for examination all of its time and billing  
28 records and data with respect to the matters covered by this Agreement. The Contractor shall,



1 upon request by the County, permit the County to audit and inspect all of such records and data  
2 necessary to ensure Contractor's compliance with the terms of this Agreement.

3 13.2 If this Agreement exceeds \$10,000.00, the Contractor shall be subject to the  
4 examination and audit of the California State Auditor for a period of three years after final  
5 payment under contract (Government Code Section 8546.7).

6 **Article 14**

7 **Notices**

8 14.1 **Contact Information.** The persons and their addresses having authority to give and  
9 receive notices provided for or permitted under this Agreement include the following:

10 **For the County:**

11 County of Fresno  
12 Attention: Assistant County Administrative Officer  
13 2281 Tulare Street, Room 304  
14 Fresno, California 93721  
15 Fax: (559) 600-1230

16 **For the Contractor:**

17 CliftonLarsenAllen LLP (CLA)  
18 Attention: Chastity Wilson, Principal  
19 CNL Center II  
20 420 South Orange Avenue, Suite 900  
21 Orlando, FL 32801-3399  
22 Telephone: 407-802-1200  
23 Fax: 407-802-1250

24 14.2 **Change of Contact Information.** Either party may change the information in section  
25 14.1 by giving notice as provided in section 14.3.

26 14.3 **Method of Delivery.** All notices between the County and the Contractor provided for  
27 or permitted under this Agreement must be in writing and delivered either by personal service,  
28 by first-class United States mail, by an overnight commercial courier service, or by telephonic  
facsimile transmission.

(A) A notice delivered by personal service is effective upon service to the recipient.

(B) A notice delivered by first-class United States mail is effective three County  
business days after deposit in the United States mail, postage prepaid, addressed to the  
recipient.

1 (C) A notice delivered by an overnight commercial courier service is effective one  
2 County business day after deposit with the overnight commercial courier service,  
3 delivery fees prepaid, with delivery instructions given for next day delivery, addressed to  
4 the recipient.

5 (D) A notice delivered by telephonic facsimile transmission is effective when  
6 transmission to the recipient is completed (but, if such transmission is completed outside  
7 of County business hours, then such delivery is deemed to be effective at the next  
8 beginning of a County business day), provided that the sender maintains a machine  
9 record of the completed transmission.  
10

11 14.4 **Claims Presentation.** For all claims arising from or related to this Agreement,  
12 nothing in this Agreement establishes, waives, or modifies any claims presentation  
13 requirements or procedures provided by law, including the Government Claims Act (Division 3.6  
14 of Title 1 of the Government Code, beginning with section 810).

## 15 **Article 15**

### 16 **Disclosure of Self-Dealing Transactions**

17 15.1 **Applicability.** This article applies if the Contractor is operating as a corporation, or  
18 changes its status to operate as a corporation.

19 15.2 **Duty to Disclose.** If any member of the Contractor's board of directors is party to a  
20 self-dealing transaction, he or she shall disclose the transaction by completing and signing a  
21 "Self-Dealing Transaction Disclosure Form" (Exhibit A to this Agreement) and submitting it to the  
22 County before commencing the transaction or immediately after.

23 15.3 **Definition.** "Self-dealing transaction" means a transaction to which the Contractor is  
24 a party and in which one or more of its directors, as an individual, has a material financial  
25 interest.  
26  
27  
28

1 **Article 16**

2 **General Terms**

3 16.1 **Modification.** Except as provided in Article 8, this Agreement may not be modified,  
4 and no waiver is effective, except by another written Agreement that is signed by both parties.

5 16.2 **Non-Assignment.** Neither party may assign its rights or delegate its obligations  
6 under this Agreement without the prior written consent of the other party.

7 16.3 **Governing Law.** The laws of the State of California govern all matters arising from  
8 or related to this Agreement.

9 16.4 **Jurisdiction and Venue.** This Agreement is made in Fresno County, California. The  
10 Contractor consents to California jurisdiction for actions arising from or related to this  
11 Agreement, and, subject to the Government Claims Act, all such actions must be brought and  
12 maintained in the Fresno County Superior Court.

13 16.5 **Construction.** The final form of this Agreement is the result of the parties' combined  
14 efforts. If anything in this agreement is found by a court of competent jurisdiction to be  
15 ambiguous, that ambiguity is not to be resolved by construing the terms of this Agreement  
16 against the either party.

17 16.6 **Days.** Unless otherwise specified, "days" means calendar days.

18 16.7 **Headings.** The headings and section titles in this agreement are for convenience  
19 only and are not part of this Agreement.

20 16.8 **Severability.** If anything in this agreement is found by a court of competent  
21 jurisdiction to be unlawful or otherwise unenforceable, the balance of this Agreement remains in  
22 effect, and the parties shall make best efforts to replace the unlawful or unenforceable part of  
23 this Agreement with terms to accomplish the parties' original intent.

24 16.9 **Nondiscrimination.** During the performance of this Agreement, the Contractor shall  
25 not unlawfully discriminate against any employee or applicant for employment, or recipient of  
26 services, because of race, religious creed, color, national origin, ancestry, physical disability,  
27  
28

1 mental disability, medical condition, genetic information, marital status, sex, gender, gender  
2 identity, gender expression, age, sexual orientation, military status or veteran status pursuant to  
3 all applicable State of California and federal statutes and regulation.

4 16.10 **No Waiver.** Payment, waiver, or discharge of any liability or obligation of the  
5 Contractor under this Agreement on any one or more occasions is not a waiver of performance  
6 of any continuing or other obligation, or of any breach or default, and does not prohibit, impair,  
7 or prejudice enforcement by the County of any obligation of the Contractor under this  
8 Agreement.

9  
10 16.11 **Entire Agreement.** This Agreement, including its exhibits, is the entire agreement  
11 between the Contractor and the County with respect to the subject matter of this Agreement,  
12 and it supersedes all previous negotiations, proposals, commitments, writings, advertisements,  
13 publications, and understandings of any nature unless those things are expressly included in  
14 this Agreement. If there is any inconsistency between the terms of this Agreement without its  
15 exhibits and the terms of the exhibits, then the inconsistency will be resolved by giving  
16 precedence first to the terms of this Agreement without its exhibits, and then to the terms of the  
17 exhibits.

18  
19 16.12 **No Third-Party Beneficiaries.** This Agreement does not and is not intended to  
20 create any rights or obligations for any person or entity except for the parties.

21 16.13 **Authorized Signatures.** The Contractor represents and warrants to the County that:

22 (A) The Contractor is duly authorized and empowered to sign and perform its  
23 obligations under this Agreement.

24 (B) The individual signing this Agreement on behalf of the Contractor is duly  
25 authorized to do so and his or her signature on this Agreement will legally bind the  
26 Contractor to the terms of this Agreement.  
27  
28

1 16.14 **Counterparts.** This Agreement may be signed in counterparts, each of which is an  
2 original, and all of which together constitute this Agreement.

3 **Article 17**

4 **Other Provisions**

5 17.1 Contractor will not disclose any of County’s confidential, proprietary, or privileged  
6 information to any person or party, unless County authorizes Contractor to do so, it is published  
7 or released by County, it becomes publicly known or available other than through disclosure by  
8 Contractor, or disclosure is required by law, regulation or professional standard. This  
9 confidentiality provision does not prohibit Contractor from disclosing County’s information to one  
10 or more of Contractor’s affiliated companies in order to provide services that County has  
11 requested from Contractor or from any such affiliated company. Any such affiliated company  
12 shall be subject to the same restrictions on the use and disclosure of County’s information as  
13 apply to Contractor. County also consents to Contractor’s disclosure of information regarding  
14 the nature of services Contractor provide to County to another independent network member of  
15 CLA Global, for the limited purpose of complying with professional obligations regarding  
16 independence and conflicts of interest.

17 17.2 The workpapers and files supporting the services Contractor perform are the sole  
18 and exclusive property of Contractor and constitute confidential and proprietary information.  
19 Contractor does not provide access to its workpapers and files to State or anyone else in the  
20 normal course of business. Unless required by law or regulation to the contrary, Contractor  
21 retain its workpapers and files in accordance with its record retention policy that typically  
22 provides for a retention period of seven years. After this period expires, Contractor’s workpapers  
23 and files will be destroyed. Furthermore, physical deterioration or catastrophic events may  
24 shorten the time Contractor’s records are available. The workpapers and files of Contractor are  
25 not a substitute for County’s records.

26 17.3 Pursuant to authority given by law, regulation or professional standards Contractor  
27 may be requested to make certain workpapers and files available to a regulator for its regulatory  
28 oversight purposes. Contractor will notify County of any such request, if permitted by law.

1 Access to the requested workpapers and files will be provided to the regulator under the  
2 supervision of Contractor personnel and at a location designated by Contractor. Furthermore,  
3 upon request, Contractor may provide copies of selected workpapers and files to such regulator.  
4 The regulator may intend, or decide, to distribute the copies or information contained therein to  
5 others, including other governmental agencies.

6 17.4 Contractor and certain owners of Contractor are licensed by the California State  
7 Board of Accountancy. However, CLA has owners not licensed by the California State Board of  
8 Accountancy who may provide services under this Agreement. County may contact Contractor  
9 with any questions regarding licensure of the personnel performing services under this  
10 Agreement.

11 17.5 Contractor regularly aggregates anonymized client data and perform a variety of  
12 analyses using that aggregated data. Some of these analyses are published to clients or  
13 released publicly. However, Contractor is always careful to preserve the confidentiality of the  
14 separate information that Contractor obtains from each client, as required by the AICPA Code of  
15 Professional Conduct and various laws. County's acceptance of this Agreement will serve as  
16 County's consent to our use of anonymized data in performing and reporting on these cost  
17 comparison, performance indicator and/or benchmarking analyses

18 [SIGNATURE PAGE FOLLOWS]  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 The parties are signing this Agreement on the date stated in the introductory clause.

2 CLIFTONLARSONALLEN, LLP

COUNTY OF FRESNO

3 

4 \_\_\_\_\_  
5 Richard Gonzalez, CPA, Principal

\_\_\_\_\_   
Nathan Magsig, Chairman of the Board of  
Supervisors of the County of Fresno

6 915 Highland Pointe Drive, Suite 300  
7 Roseville, California 95678

**Attest:**  
Bernice E. Seidel  
Clerk of the Board of Supervisors  
County of Fresno, State of California

10 By: \_\_\_\_\_  
11 Deputy

12 For accounting use only:

13 Fund: 0001  
14 Subclass: 10000  
Org: 2540  
Account: 7295

## EXHIBIT A

### SELF-DEALING TRANSACTION DISCLOSURE FORM

In order to conduct business with the County of Fresno ("County"), members of a contractor's board of directors ("County Contractor"), must disclose any self-dealing transactions that they are a party to while providing goods, performing services, or both for the County. A self-dealing transaction is defined below:

*"A self-dealing transaction means a transaction to which the corporation is a party and in which one or more of its directors has a material financial interest"*

The definition above will be utilized for purposes of completing this disclosure form.

#### INSTRUCTIONS

- (1) Enter board member's name, job title (if applicable), and date this disclosure is being made.
- (2) Enter the board member's company/agency name and address.
- (3) Describe in detail the nature of the self-dealing transaction that is being disclosed to the County. At a minimum, include a description of the following:
  - a. The name of the agency/company with which the corporation has the transaction; and
  - b. The nature of the material financial interest in the Corporation's transaction that the board member has.
- (4) Describe in detail why the self-dealing transaction is appropriate based on applicable provisions of the Corporations Code.
- (5) Form must be signed by the board member that is involved in the self-dealing transaction described in Sections (3) and (4).



<b>(1) Company Board Member Information:</b>			
<b>Name:</b>		<b>Date:</b>	
<b>Job Title:</b>			
<b>(2) Company/Agency Name and Address:</b>			
<b>(3) Disclosure (Please describe the nature of the self-dealing transaction you are a party to)</b>			
<b>(4) Explain why this self-dealing transaction is consistent with the requirements of Corporations Code 5233 (a)</b>			
<b>(5) Authorized Signature</b>			
<b>Signature:</b>		<b>Date:</b>	



**AUDIT SERVICES - COST SCHEDULE**  
**B1 - Cal EMA and Measure C**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	11	350.00	3,850.00	11	368.00	4,048.00	11	386.00	4,246.00	11	405.00	4,455.00	11	425.00	4,675.00	55.00	21,274.00
Managers	30	275.00	8,250.00	30	289.00	8,670.00	30	303.00	9,090.00	30	318.00	9,540.00	30	334.00	10,020.00	150.00	45,570.00
Supervisory Staff	45	215.00	9,675.00	45	226.00	10,170.00	45	237.00	10,665.00	45	249.00	11,205.00	45	261.00	11,745.00	225.00	53,460.00
Staff	65	165.00	10,725.00	65	173.00	11,245.00	65	182.00	11,830.00	65	191.00	12,415.00	65	201.00	13,065.00	325.00	59,280.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 32,500.00			\$ 34,133.00			\$ 35,831.00			\$ 37,615.00			\$ 39,505.00		\$ 179,584.00
Out-of-pocket expenses:																	
Meals and lodging																	
Transportation																	
Other (specify): Technology Fee			1,625.00			1,707.00			1,792.00			1,881.00			1,975.00		8,980.00
<b>Total:</b>			\$ 34,125.00			\$ 35,840.00			\$ 37,623.00			\$ 39,496.00			\$ 41,480.00		\$ 188,564.00

**AUDIT SERVICES - COST SCHEDULE**  
**B2 - Coalinga and Southeast Regional Sites**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	2	350.00	700.00	2	368.00	736.00	2	386.00	772.00	2	405.00	810.00	2	425.00	850.00	10.00	3,868.00
Managers	6	275.00	1,650.00	6	289.00	1,734.00	6	303.00	1,818.00	6	318.00	1,908.00	6	334.00	2,004.00	30.00	9,114.00
Supervisory Staff	9	215.00	1,935.00	9	226.00	2,034.00	9	237.00	2,133.00	9	249.00	2,241.00	9	261.00	2,349.00	45.00	10,692.00
Staff	13	165.00	2,145.00	13	173.00	2,249.00	13	182.00	2,366.00	13	191.00	2,483.00	13	201.00	2,613.00	65.00	11,856.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 6,430.00			\$ 6,753.00			\$ 7,089.00			\$ 7,442.00			\$ 7,816.00		\$ 35,530.00
Out-of-pocket expenses:																	-
Meals and lodging																	-
Transportation																	-
Other (specify): Technology Fee			322.00			338.00			354.00			372.00			391.00		1,777.00
<b>Total:</b>			\$ 6,752.00			\$ 7,091.00			\$ 7,443.00			\$ 7,814.00					\$ 37,307.00

**AUDIT SERVICES - COST SCHEDULE**  
**B3 - County's Appropriation Limit**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	1	350.00	350.00	1	368.00	368.00	1	386.00	386.00	1	405.00	405.00	1	425.00	425.00	5.00	1,934.00
Managers	2	275.00	550.00	2	289.00	578.00	2	303.00	606.00	2	318.00	636.00	2	334.00	668.00	10.00	3,038.00
Supervisory Staff	2	215.00	430.00	2	226.00	452.00	2	237.00	474.00	2	249.00	498.00	2	261.00	522.00	10.00	2,376.00
Staff	3	165.00	495.00	3	173.00	519.00	3	182.00	546.00	3	191.00	573.00	3	201.00	603.00	15.00	2,736.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 1,825.00			\$ 1,917.00			\$ 2,012.00			\$ 2,112.00			\$ 2,218.00		\$ 10,084.00
Out-of-pocket expenses:																	
Meals and lodging																	-
Transportation																	-
Other (specify): Technology Fee			91.00			96.00			101.00			106.00			111.00		505.00
<b>Total:</b>			\$ 1,916.00			\$ 2,013.00			\$ 2,113.00			\$ 2,218.00			\$ 2,329.00		\$ 10,589.00

**AUDIT SERVICES - COST SCHEDULE**  
**B4 - In-Home Supportive Service Public Authority**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	2	350.00	700.00	2	368.00	736.00	2	386.00	772.00	2	405.00	810.00	2	425.00	850.00	10.00	3,868.00
Managers	6	275.00	1,650.00	6	289.00	1,734.00	6	303.00	1,818.00	6	318.00	1,908.00	6	334.00	2,004.00	30.00	9,114.00
Supervisory Staff	9	215.00	1,935.00	9	226.00	2,034.00	9	237.00	2,133.00	9	249.00	2,241.00	9	261.00	2,349.00	45.00	10,692.00
Staff	13	165.00	2,145.00	13	173.00	2,249.00	13	182.00	2,366.00	13	191.00	2,483.00	13	201.00	2,613.00	65.00	11,856.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 6,430.00			\$ 6,753.00			\$ 7,089.00			\$ 7,442.00			\$ 7,816.00		\$ 35,530.00
Out-of-pocket expenses:																	
Meals and lodging																	-
Transportation																	-
Other (specify): Technology Fee			322.00			338.00			354.00			372.00			391.00		1,777.00
<b>Total:</b>			\$ 6,752.00			\$ 7,091.00			\$ 7,443.00			\$ 7,814.00			\$ 8,207.00		\$ 37,307.00

**AUDIT SERVICES - COST SCHEDULE**  
**B5 - Zoo Authority**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	2	350.00	700.00	2	368.00	736.00	2	386.00	772.00	2	405.00	810.00	2	425.00	850.00	10.00	3,868.00
Managers	6	275.00	1,650.00	6	289.00	1,734.00	6	303.00	1,818.00	6	318.00	1,908.00	6	334.00	2,004.00	30.00	9,114.00
Supervisory Staff	9	215.00	1,935.00	9	226.00	2,034.00	9	237.00	2,133.00	9	249.00	2,241.00	9	261.00	2,349.00	45.00	10,692.00
Staff	13	165.00	2,145.00	13	173.00	2,249.00	13	182.00	2,366.00	13	191.00	2,483.00	13	201.00	2,613.00	65.00	11,856.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 6,430.00			\$ 6,753.00			\$ 7,089.00			\$ 7,442.00			\$ 7,816.00		\$ 35,530.00
Out-of-pocket expenses:																	
Meals and lodging																	-
Transportation																	-
Other (specify): Technology Fee			322.00			338.00			354.00			372.00			391.00		1,777.00
<b>Total:</b>			\$ 6,752.00			\$ 7,091.00			\$ 7,443.00			\$ 7,814.00			\$ 8,207.00		\$ 37,307.00

**AUDIT SERVICES - COST SCHEDULE**  
**B6 - Tobacco Funding Corporation**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	4	350.00	1,400.00	4	368.00	1,472.00	4	386.00	1,544.00	4	405.00	1,620.00	4	425.00	1,700.00	20.00	7,736.00
Managers	10	275.00	2,750.00	10	289.00	2,890.00	10	303.00	3,030.00	10	318.00	3,180.00	10	334.00	3,340.00	50.00	15,190.00
Supervisory Staff	15	215.00	3,225.00	15	226.00	3,390.00	15	237.00	3,555.00	15	249.00	3,735.00	15	261.00	3,915.00	75.00	17,820.00
Staff	22	165.00	3,630.00	22	173.00	3,806.00	22	182.00	4,004.00	22	191.00	4,202.00	22	201.00	4,422.00	110.00	20,064.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 11,005.00			\$ 11,558.00			\$ 12,133.00			\$ 12,737.00			\$ 13,377.00		\$ 60,810.00
Out-of-pocket expenses:																	
Meals and lodging																	-
Transportation																	-
Other (specify): Technology Fee			550.00			578.00			607.00			637.00			669.00		3,041.00
<b>Total:</b>			\$ 11,555.00			\$ 12,136.00			\$ 12,740.00			\$ 13,374.00			\$ 14,046.00		\$ 63,851.00



**AUDIT SERVICES - COST SCHEDULE**

**B7 - Service Areas, Waterworks Districts, Maintenance Districts, Highway Lighting Districts, and Solid Waste Commissions**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	28	350.00	9,800.00	28	368.00	10,304.00	28	386.00	10,808.00	28	405.00	11,340.00	28	425.00	11,900.00	140.00	54,152.00
Managers	80	275.00	22,000.00	80	289.00	23,120.00	80	303.00	24,240.00	80	318.00	25,440.00	80	334.00	26,720.00	400.00	121,520.00
Supervisory Staff	120	215.00	25,800.00	120	226.00	27,120.00	120	237.00	28,440.00	120	249.00	29,880.00	120	261.00	31,320.00	600.00	142,560.00
Staff	172	165.00	28,380.00	172	173.00	29,756.00	172	182.00	31,304.00	172	191.00	32,852.00	172	201.00	34,572.00	860.00	156,864.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 85,980.00			\$ 90,300.00			\$ 94,792.00			\$ 99,512.00			\$ 104,512.00		\$ 475,096.00
Out-of-pocket expenses:																	
Meals and lodging																	-
Transportation																	-
Other (specify): Technology Fee			4,299.00			4,515.00			4,740.00			4,976.00			5,226.00		23,756.00
<b>Total:</b>			\$ 90,279.00			\$ 94,815.00			\$ 99,532.00			\$ 104,488.00			\$ 109,738.00		\$ 498,852.00

**AUDIT SERVICES - COST SCHEDULE**  
**B8 - Community Corrections Partnership Executive Committee**

Firm Name: CliftonLarsonAllen LLP (CLA)

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	2	350.00	700.00	2	368.00	736.00	2	386.00	772.00	2	405.00	810.00	2	425.00	850.00	10.00	3,868.00
Managers	7	275.00	1,925.00	7	289.00	2,023.00	7	303.00	2,121.00	7	318.00	2,226.00	7	334.00	2,338.00	35.00	10,633.00
Supervisory Staff	11	215.00	2,365.00	11	226.00	2,486.00	11	237.00	2,607.00	11	249.00	2,739.00	11	261.00	2,871.00	55.00	13,068.00
Staff	15	165.00	2,475.00	15	173.00	2,595.00	15	182.00	2,730.00	15	191.00	2,865.00	15	201.00	3,015.00	75.00	13,680.00
Other (Specify):																-	-
<b>Subtotal</b>			\$ 7,465.00			\$ 7,840.00			\$ 8,230.00			\$ 8,640.00			\$ 9,074.00		\$ 41,249.00
Out-of-pocket expenses:																	
Meals and lodging																	-
Transportation																	-
Other (specify): Technology Fee			373.00			392.00			412.00			432.00			454.00		2,063.00
<b>Total:</b>			\$ 7,838.00			\$ 8,232.00			\$ 8,642.00			\$ 9,072.00			\$ 9,528.00		\$ 43,312.00

# Exhibit C - Special Districts Reports

(As Referenced in Section 3.2 (G) of Agreement)

	District	Budget	Fund	SubClass
Report #1	CSA 35A	9175	0220	12200
Report #1	CSA 35B	9155	0220	12210
Report #1	CSA 35C	9156	0220	12220
Report #1	CSA 35D	9225	0220	12230
Report #1	CSA 35E	9160	0220	12240
Report #1	CSA 35F	9161	0220	12250
Report #1	CSA 35G	9162	0220	12260
Report #1	CSA 35H	9226	0220	12270
Report #1	CSA 35I	9176	0220	12280
Report #1	CSA 35J	9182	0220	12290
Report #1	CSA 35K	9183	0220	12300
Report #1	CSA 35M	9236	0220	12315
Report #1	CSA 35N	9227	0220	12320
Report #1	CSA 35O	9180	0220	12330
Report #1	CSA 35P	9190	0220	12340
Report #1	CSA 35S	9192	0220	12360
Report #1	CSA 35T	9194	0220	12370
Report #1	CSA 35U	9195	0220	12380
Report #1	CSA 35V	9196	0220	12390
Report #1	CSA 35X	9234	0220	12395
Report #1	CSA 35Z	9197	0220	12400
Report #1	CSA 35AA	9217	0220	12410
Report #1	CSA 35AB	9151	0220	12420
Report #1	CSA 35AC	9168	0220	12430
Report #1	CSA 35AD	9204	0220	12440
Report #1	CSA 35AE	9218	0220	12450
Report #1	CSA 35AF	9205	0220	12460
Report #1	CSA 35AG	9206	0220	12470
Report #1	CSA 35AH	9164	0220	12480
Report #1	CSA 35AI	9165	0220	12490
Report #1	CSA 35AJ	9207	0220	12500
Report #1	CSA 35AK	9208	0220	12510
Report #1	CSA 35AM	9209	0220	12520
Report #1	CSA 35AN	9210	0220	12530
Report #1	CSA 35AO	9211	0220	12540
Report #1	CSA 35AP	9214	0220	12550
Report #1	CSA 35AQ	9215	0220	12560
Report #1	CSA 35AR	9216	0220	12570
Report #1	CSA 35AS	9275	0220	12778

	District	Budget	Fund	SubClass
Report #1	CSA 35AT	9231	0220	12575
Report #1	CSA 35AU	9177	0220	12580
Report #1	CSA 35AV	9199	0220	12590
Report #1	CSA 35AX	9179	0220	12610
Report #1	CSA 35AY	9187	0220	12620
Report #1	CSA 35AZ	9220	0220	12630
Report #1	CSA 35BA	9221	0220	12640
Report #1	CSA 35BB	9222	0220	12650
Report #1	CSA 35BC	9186	0220	12660
Report #1	CSA 35BD	9223	0220	12670
Report #1	CSA 35BG	9224	0220	12680
Report #1	CSA 35BH	9237	0220	12685
Report #1	CSA 35BI	9157	0220	12690
Report #1	CSA 35BJ	9229	0220	12700
Report #1	CSA 35BL	9252	0220	12740
Report #1	CSA 35BM	9230	0220	12750
Report #1	CSA 35BN	9253	0220	12755
Report #1	CSA 35BO	9262	0220	12708
Report #1	CSA 35BQ	9232	0220	12710
Report #1	CSA 35BR	9233	0220	12760
Report #1	CSA 35BS	9235	0220	12770
Report #1	CSA 35BU	9239	0220	12771
Report #1	CSA 35BW	9240	0220	12772
Report #1	CSA 35BX	9241	0220	12773
Report #1	CSA 35CB	9263	0220	12762
Report #1	CSA 35CC	9258	0220	12757
Report #1	CSA 35CD	9259	0220	12758
Report #1	CSA 35CE	9260	0220	12759
Report #1	CSA 35CF	9261	0220	12761
Report #1	CSA 35CG	9264	0220	12764
Report #1	CSA 35CI	9265	0220	12765
Report #1	CSA 35CL	9266	0220	12766
Report #1	CSA 35CM	9267	0220	12767
Report #1	CSA 35CN	9268	0220	12768
Report #1	CSA 35CP	9270	0220	12709
Report #1	CSA 35CQ	9271	0220	12711
Report #1	CSA 35CS	9272	0220	12712
Report #1	CSA 35CU	9273	0220	12776
Report #1	CSA 35CV	9274	0220	12777

	District	Budget	Fund	SubClass
Report #2	CSA 1	9141	0740	16000
Report #2	CSA 1S	9302	0740	16010
Report #3	CSA 2	9142	0160	12000
Report #4	CSA 5	9145	0750	16000
Report #5	CSA 7	9147	0170	12000
Report #5	CSA 7D	9146	0170	12050
Report #6	CSA 10	9150	0770	16000
Report #6	CSA 10A(O)	9251	0770	16810
Report #6	CSA 10A(W)	9250	0770	16800
Report #7	CSA 14	9154	0780	16000
Report #8	CSA 19	9159	0190	12000
Report #9	CSA 23	9163	0790	16000
Report #10	CSA 30	9170	0800	16000
Report #11	CSA 31	9171	0200	12000
Report #11	CSA 31B	9166	0810	16120
Report #11	CSA 31B (S)	9910	0810	16110
Report #11	CSA 31B (W)	9942	0810	16130
Report #11	CSA 31C	9149	0200	12100
Report #11	CSA 31D	9167	0200	12001
Report #11	CSA 31E	9256	0200	12101
Report #11	CSA 31F	9169	0200	12102
Report #11	CSA 31G	9201	0200	12103
Report #11	CSA 31 (FPT)	9902	0200	12005
Report #12	CSA 32	9172	0820	16000
Report #13	CSA 33	9173	0210	12000
Report #14	CSA 34	9174	0830	16000
Report #14	CSA 34SWTP	9322	0830	16203
Report #14	CSA 34WWTF	9320	0830	16202
Report #14	CSA 34AWWP	NONE	0830	16201
Report #14	CSA 34A	9181	0830	16200
Report #14	CSA 34B	9255	0830	16211
Report #14	CSA 34C	9254	0830	16210
Report #14	CSA 34D	9323	0830	16204
Report #14	CSA 34G	9325	0830	16205
Report #14	CSA 34M	NONE	0830	16220
Report #15	CSA 39AB	9212	0850	16350

	District	Budget	Fund	SubClass
Report #16	CSA 43	9243	0230	12000
Report #16	CSA 43W	9301	0230	12150
Report #17	CSA 44	9305	0240	12000
Report #17	CSA 44A	9244	0870	16400
Report #17	CSA 44C	9246	0870	16420
Report #17	CSA 44D	9247	0870	16430
Report #18	CSA 47	9310	4030	40680
Report #18	CSA 47	NONE	7100	71350
Report #19	CSA 49	9249	0235	12800
Report #19	CSA 49	NONE	0235	12801
Report #19	CSA 49	NONE	0235	12802
Report #20	CSA 50	9248	0875	16480
Report #21	CSA OV	9314	0260	12000

Report #22	MD 2	9363	0250	12900
Report #23	MD 4	9365	0250	12920
Report #24	MD 5	9366	0250	12925
Report #25	MD 6	9367	0250	12926
Report #26	MD 7	9368	0250	12930

Report #27	WWD 37	9357	0880	16000
Report #28	WWD 38	9358	0890	16000
Report #29	WWD 40	9360	0900	16000
Report #30	WWD 41S	9351	0920	16000
Report #30	WWD 41S	9913	0920	16600
Report #30	WWD 41S	9914	0920	16620
Report #30	WWD 41W	9361	0910	16000
Report #30	WWD 41W	9911	0910	16500
Report #30	WWD 41W	9912	0910	16520
Report #31	WWD 42	9362	0930	16000

SOLID WASTE				
Report #33	Southeast Reg	9020	0720	15000
Report #34	Am Ave Disp	9026	0700	15000
	Coalinga Disp	9028	0710	15000

**Exhibit E**  
**Data Security**

**1. Definitions**

Capitalized terms used in this Exhibit E have the meanings set forth in this section 1.

- (A) “**Authorized Employees**” means the Contractor’s employees who have access to Personal Information.
- (B) “**Authorized Persons**” means: (i) any and all Authorized Employees; and (ii) any and all of the Contractor’s subcontractors, representatives, agents, outsourcers, and consultants, and providers of professional services to the Contractor, who have access to Personal Information and are bound by law or in writing by confidentiality obligations sufficient to protect Personal Information in accordance with the terms of this Exhibit E.
- (C) “**Director**” means the County’s Director of Internal Services/Chief Information Officer or his or her designee.
- (D) “**Disclose**” or any derivative of that word means to disclose, release, transfer, disseminate, or otherwise provide access to or communicate all or any part of any Personal Information orally, in writing, or by electronic or any other means to any person.
- (E) “**Person**” means any natural person, corporation, partnership, limited liability company, firm, or association.
- (F) “**Personal Information**” means any and all information, including any data, provided, or to which access is provided, to the Contractor by or upon the authorization of the County, under this Agreement, including but not limited to vital records, that: (i) identifies, describes, or relates to, or is associated with, or is capable of being used to identify, describe, or relate to, or associate with, a person (including, without limitation, names, physical descriptions, signatures, addresses, telephone numbers, e-mail addresses, education, financial matters, employment history, and other unique identifiers, as well as statements made by or attributable to the person); (ii) is used or is capable of being used to authenticate a person (including, without limitation, employee identification numbers, government-issued identification numbers, passwords or personal identification numbers (PINs), financial account numbers, credit report information, answers to security questions, and other personal identifiers); or (iii) is personal information within the meaning of California Civil Code section 1798.3, subdivision (a), or 1798.80, subdivision (e). Personal Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.
- (G) “**Privacy Practices Complaint**” means a complaint received by the County relating to the Contractor’s (or any Authorized Person’s) privacy practices, or alleging a Security Breach. Such complaint shall have sufficient detail to enable the Contractor to promptly investigate and take remedial action under this Exhibit E.
- (H) “**Security Safeguards**” means physical, technical, administrative or organizational security procedures and practices put in place by the Contractor (or any Authorized Persons) that relate to the protection of the security, confidentiality, value, or integrity of Personal Information. Security Safeguards shall satisfy the minimal requirements set forth in section 3(C) of this Exhibit E.

## Exhibit E

### Data Security

- (I) **“Security Breach”** means (i) any act or omission that compromises either the security, confidentiality, value, or integrity of any Personal Information or the Security Safeguards, or (ii) any unauthorized Use, Disclosure, or modification of, or any loss or destruction of, or any corruption of or damage to, any Personal Information.
- (J) **“Use”** or any derivative of that word means to receive, acquire, collect, apply, manipulate, employ, process, transmit, disseminate, access, store, disclose, or dispose of Personal Information.

#### 2. Standard of Care

- (A) The Contractor acknowledges that, in the course of its engagement by the County under this Agreement, the Contractor, or any Authorized Persons, may Use Personal Information only as permitted in this Agreement.
- (B) The Contractor acknowledges that Personal Information is deemed to be confidential information of, or owned by, the County (or persons from whom the County receives or has received Personal Information) and is not confidential information of, or owned or by, the Contractor, or any Authorized Persons. The Contractor further acknowledges that all right, title, and interest in or to the Personal Information remains in the County (or persons from whom the County receives or has received Personal Information) regardless of the Contractor’s, or any Authorized Person’s, Use of that Personal Information.
- (C) The Contractor agrees and covenants in favor of the County that the Contractor shall:
  - (i) keep and maintain all Personal Information in strict confidence, using such degree of care under this section 2 as is reasonable and appropriate to avoid a Security Breach;
  - (ii) Use Personal Information exclusively for the purposes for which the Personal Information is made accessible to the Contractor pursuant to the terms of this Exhibit E;
  - (iii) not Use, Disclose, sell, rent, license, or otherwise make available Personal Information for the Contractor’s own purposes or for the benefit of anyone other than the County, without the County’s express prior written consent, which the County may give or withhold in its sole and absolute discretion; and
  - (iv) not, directly or indirectly, Disclose Personal Information to any person (an “Unauthorized Third Party”) other than Authorized Persons pursuant to this Agreement, without the Director’s express prior written consent.
- (D) Notwithstanding the foregoing paragraph, in any case in which the Contractor believes it, or any Authorized Person, is required to disclose Personal Information to government regulatory authorities, or pursuant to a legal proceeding, or otherwise as may be required by applicable law, Contractor shall (i) immediately notify the County of the specific demand for, and legal authority for the disclosure, including providing County with a copy of any notice, discovery demand, subpoena, or order, as applicable, received by the Contractor, or any Authorized Person, from any government regulatory authorities, or in relation to any legal proceeding, and (ii) promptly notify the County before such Personal Information is offered by the

## Exhibit E

### Data Security

Contractor for such disclosure so that the County may have sufficient time to obtain a court order or take any other action the County may deem necessary to protect the Personal Information from such disclosure, and the Contractor shall cooperate with the County to minimize the scope of such disclosure of such Personal Information.

- (E) The Contractor shall remain liable to the County for the actions and omissions of any Unauthorized Third Party concerning its Use of such Personal Information as if they were the Contractor's own actions and omissions.

### 3. Information Security

- (A) The Contractor covenants, represents and warrants to the County that the Contractor's Use of Personal Information under this Agreement does and will at all times comply with all applicable federal, state, and local, privacy and data protection laws, as well as all other applicable regulations and directives, including but not limited to California Civil Code, Division 3, Part 4, Title 1.81 (beginning with section 1798.80), and the Song-Beverly Credit Card Act of 1971 (California Civil Code, Division 3, Part 4, Title 1.3, beginning with section 1747). If the Contractor Uses credit, debit or other payment cardholder information, the Contractor shall at all times remain in compliance with the Payment Card Industry Data Security Standard ("PCI DSS") requirements, including remaining aware at all times of changes to the PCI DSS and promptly implementing and maintaining all procedures and practices as may be necessary to remain in compliance with the PCI DSS, in each case, at the Contractor's sole cost and expense.
- (B) The Contractor covenants, represents and warrants to the County that, as of the effective date of this Agreement, the Contractor has not received notice of any violation of any privacy or data protection laws, as well as any other applicable regulations or directives, and is not the subject of any pending legal action or investigation by, any government regulatory authority regarding same.
- (C) Without limiting the Contractor's obligations under section 3(A) of this Exhibit E, the Contractor's (or Authorized Person's) Security Safeguards shall be no less rigorous than accepted industry practices and, at a minimum, include the following:
  - (i) limiting Use of Personal Information strictly to the Contractor's and Authorized Persons' technical and administrative personnel who are necessary for the Contractor's, or Authorized Persons', Use of the Personal Information pursuant to this Agreement;
  - (ii) ensuring that all of the Contractor's connectivity to County computing systems will only be through the County's security gateways and firewalls, and only through security procedures approved upon the express prior written consent of the Director;
  - (iii) to the extent that they contain or provide access to Personal Information, (a) securing business facilities, data centers, paper files, servers, back-up systems and computing equipment, operating systems, and software applications, including, but not limited to, all mobile devices and other equipment, operating systems, and software applications with information storage capability; (b) employing adequate controls and data security measures, both internally and externally, to protect (1) the Personal Information from potential loss or

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misappropriation, or unauthorized Use, and (2) the County's operations from disruption and abuse; (c) having and maintaining network, device application, database and platform security; (d) maintaining authentication and access controls within media, computing equipment, operating systems, and software applications; and (e) installing and maintaining in all mobile, wireless, or handheld devices a secure internet connection, having continuously updated anti-virus software protection and a remote wipe feature always enabled,;

- (iv) encrypting all Personal Information at advance encryption standards of Advanced Encryption Standards (AES) of 128 bit or higher (a) stored on any mobile devices, including but not limited to hard disks, portable storage devices, or remote installation, or (b) transmitted over public or wireless networks (the encrypted Personal Information must be subject to password or pass phrase, and be stored on a secure server and transferred by means of a Virtual Private Network (VPN) connection, or another type of secure connection, all of which is subject to express prior written consent of the Director);
  - (v) strictly segregating Personal Information from all other information of the Contractor, including any Authorized Person, or anyone with whom the Contractor or any Authorized Person deals so that Personal Information is not commingled with any other types of information;
  - (vi) having a patch management process including installation of all operating system and software vendor security patches;
  - (vii) maintaining appropriate personnel security and integrity procedures and practices, including, but not limited to, conducting background checks of Authorized Employees consistent with applicable law; and
  - (viii) providing appropriate privacy and information security training to Authorized Employees.
- (D) During the term of each Authorized Employee's employment by the Contractor, the Contractor shall cause such Authorized Employees to abide strictly by the Contractor's obligations under this Exhibit E. The Contractor shall maintain a disciplinary process to address any unauthorized Use of Personal Information by any Authorized Employees.
- (E) The Contractor shall, in a secure manner, backup daily, or more frequently if it is the Contractor's practice to do so more frequently, Personal Information received from the County, and the County shall have immediate, real time access, at all times, to such backups via a secure, remote access connection provided by the Contractor, through the Internet.
- (F) The Contractor shall provide the County with the name and contact information for each Authorized Employee (including such Authorized Employee's work shift, and at least one alternate Authorized Employee for each Authorized Employee during such work shift) who shall serve as the County's primary security contact with the Contractor and shall be available to assist the County twenty-four (24) hours per day, seven (7) days per week as a contact in resolving the Contractor's and any Authorized Persons' obligations associated with a Security Breach or a Privacy Practices Complaint.

## Exhibit E

### Data Security

- (G) The Contractor shall not knowingly include or authorize any Trojan Horse, back door, time bomb, drop dead device, worm, virus, or other code of any kind that may disable, erase, display any unauthorized message within, or otherwise impair any County computing system, with or without the intent to cause harm.

#### 4. Security Breach Procedures

- (A) Promptly upon the Contractor's awareness or reasonable belief of a Security Breach, the Contractor shall (i) notify the Director of the Security Breach, such notice to be given first by telephone at the following telephone number, followed promptly by email at the following email address: (559) 600-6200 / servicedesk@fresnocountyca.gov (which telephone number and email address the County may update by providing notice to the Contractor), and (ii) preserve all relevant evidence (and cause any affected Authorized Person to preserve all relevant evidence) relating to the Security Breach. The notification shall include, to the extent reasonably possible, the identification of each type and the extent of Personal Information that has been, or is reasonably believed to have been, breached, including but not limited to, compromised, or subjected to unauthorized Use, Disclosure, or modification, or any loss or destruction, corruption, or damage.
- (B) Immediately following the Contractor's notification to the County of a Security Breach, as provided pursuant to section 4(A) of this Exhibit E, the Parties shall coordinate with each other to investigate the Security Breach. The Contractor agrees to fully cooperate with the County, including, without limitation:
- (i) facilitating interviews with Authorized Persons and any of the Contractor's other employees knowledgeable of the matter; and
  - (ii) making available all relevant records, logs, files, data reporting and other materials required to comply with applicable law, regulation, industry standards, or as otherwise reasonably required by the County.

To that end, the Contractor shall, with respect to a Security Breach, be solely responsible, at its cost, for all notifications required by law and regulation, or deemed reasonably necessary by the County, and the Contractor shall provide a written report of the investigation and reporting required to the Director within 30 days after the Contractor's discovery of the Security Breach.

- (C) County shall promptly notify the Contractor of the Director's knowledge, or reasonable belief, of any Privacy Practices Complaint, and upon the Contractor's receipt of that notification, the Contractor shall promptly address such Privacy Practices Complaint, including taking any corrective action under this Exhibit E, all at the Contractor's sole expense, in accordance with applicable privacy rights, laws, regulations and standards. In the event the Contractor discovers a Security Breach, the Contractor shall treat the Privacy Practices Complaint as a Security Breach. Within 72 hours or in accordance with applicable laws and regulations of the Contractor's receipt of notification of such Privacy Practices Complaint, the Contractor shall notify the County whether the matter is a Security Breach, or otherwise has been corrected and the



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manner of correction, or determined not to require corrective action and the reason for that determination.

- (D) The Contractor shall take prompt corrective action to respond to and remedy any Security Breach and take mitigating actions, including but not limiting to, preventing any reoccurrence of the Security Breach and correcting any deficiency in Security Safeguards as a result of such incident, all at the Contractor's sole expense, in accordance with applicable privacy rights, laws, regulations and standards. The Contractor shall reimburse the County for all reasonable costs incurred by the County in responding to, and mitigating damages caused by, any Security Breach, including all costs of the County incurred relation to any litigation or other action described section 4(E) of this Exhibit E.
- (E) The Contractor agrees to cooperate, at its sole expense, with the County in any litigation or other action to protect the County's rights relating to Personal Information, including the rights of persons from whom the County receives Personal Information.

#### 5. Oversight of Security Compliance

- (A) The Contractor shall have and maintain a written information security policy that specifies Security Safeguards appropriate to the size and complexity of the Contractor's operations and the nature and scope of its activities.
- (B) Upon the County's written request, to confirm the Contractor's compliance with this Exhibit E, as well as any applicable laws, regulations and industry standards, the Contractor grants the County or, upon the County's election, a third party on the County's behalf, permission to perform an assessment, audit, examination or review of all controls in the Contractor's physical and technical environment in relation to all Personal Information that is Used by the Contractor pursuant to this Agreement. The Contractor shall fully cooperate with such assessment, audit or examination, as applicable, by providing the County or the third party on the County's behalf, access to knowledgeable personnel, and complete security questionnaire and supporting documentation, if not deemed confidential by Contractor. In addition, the Contractor shall provide the County with the results of any audit by or on behalf of the Contractor that assesses the effectiveness of the Contractor's information security program as relevant to the security and confidentiality of Personal Information Used by the Contractor or Authorized Persons during the course of this Agreement under this Exhibit E.
- (C) The Contractor shall ensure that all Authorized Persons who Use Personal Information agree to the same restrictions and conditions in this Exhibit E. that apply to the Contractor with respect to such Personal Information by incorporating the relevant provisions of these provisions into a valid and binding written agreement between the Contractor and such Authorized Persons, or amending any written agreements to provide same.

**6. Return or Destruction of Personal Information.** Upon the termination of this Agreement, the Contractor shall, and shall instruct all Authorized Persons to, promptly return to the County all Personal Information, whether in written, electronic or other form or media, in its possession or the possession of such Authorized Persons, in a machine readable form used by the County at the time of such return, or upon the express prior written consent of the

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Director, securely destroy all such Personal Information, and certify in writing to the County that such Personal Information have been returned to the County or disposed of securely, as applicable. If the Contractor is authorized to dispose of any such Personal Information, as provided in this Exhibit E, such certification shall state the date, time, and manner (including standard) of disposal and by whom, specifying the title of the individual. The Contractor shall comply with all reasonable directions provided by the Director with respect to the return or disposal of Personal Information and copies of Personal Information. If return or disposal of such Personal Information or copies of Personal Information is not feasible, the Contractor shall notify the County accordingly, specifying the reason, and continue to extend the protections of this Exhibit E to all such Personal Information and copies of Personal Information. The Contractor shall not retain any copy of any Personal Information after returning or disposing of Personal Information as required by this section 6. The Contractor's obligations under this section 6 survive the termination of this Agreement and apply to all Personal Information that the Contractor retains if return or disposal is not feasible and to all Personal Information that the Contractor may later discover.

**7. Equitable Relief.** The Contractor acknowledges that any breach of its covenants or obligations set forth in this Exhibit E may cause the County irreparable harm for which monetary damages would not be adequate compensation and agrees that, in the event of such breach or threatened breach, the County is entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which the County may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available to the County at law or in equity or under this Agreement.

**8. Indemnity.** The Contractor shall defend, indemnify and hold harmless the County, its officers, employees, and agents, (each, a "**County Indemnitee**") from and against any and all infringement of intellectual property including, but not limited to infringement of copyright, trademark, and trade dress, invasion of privacy, information theft, and extortion, unauthorized Use, Disclosure, or modification of, or any loss or destruction of, or any corruption of or damage to, Personal Information, Security Breach response and remedy costs, credit monitoring expenses, forfeitures, losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, fines and penalties (including regulatory fines and penalties), costs or expenses of whatever kind, including attorneys' fees and costs, the cost of enforcing any right to indemnification or defense under this Exhibit E and the cost of pursuing any insurance providers, arising out of or resulting from any third party claim or action against any County Indemnitee in relation to the Contractor's, its officers, employees, or agents, or any Authorized Employee's or Authorized Person's, performance or failure to perform under this Exhibit E or arising out of or resulting from the Contractor's failure to comply with any of its obligations under this section 8. The provisions of this section 8 do not apply to the acts or omissions of the County. The provisions of this section 8 are cumulative to any other obligation of the Contractor to, defend, indemnify, or hold harmless any County Indemnitee under this Agreement. The provisions of this section 8 shall survive the termination of this Agreement.

**9. Survival.** The respective rights and obligations of the Contractor and the County as stated in this Exhibit E shall survive the termination of this Agreement.

**10. No Third Party Beneficiary.** Nothing express or implied in the provisions of in this Exhibit E is intended to confer, nor shall anything in this Exhibit E confer, upon any person other than

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### Data Security

the County or the Contractor and their respective successors or assignees, any rights, remedies, obligations or liabilities whatsoever.

**11. No County Warranty.** The County does not make any warranty or representation whether any Personal Information in the Contractor's (or any Authorized Person's) possession or control, or Use by the Contractor (or any Authorized Person), pursuant to the terms of this Agreement is or will be secure from unauthorized Use, or a Security Breach or Privacy Practices Complaint.

**COUNTY OF FRESNO  
CALIFORNIA**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

**COUNTY OF FRESNO  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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## REPORTS

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

The Honorable Members of the  
Board of Supervisors  
County of Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Fresno (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 29, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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 identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

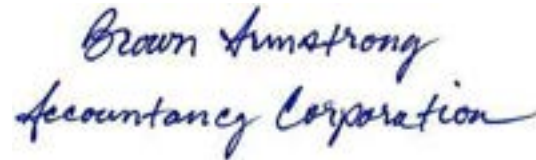
## **County's Responses to Findings**

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

## **Purpose of this Report**

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California  
December 29, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Members of the  
Board of Supervisors  
County of Fresno, California

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

***Opinion on Each Major Federal Program***

We have audited the County of Fresno's (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2023. 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.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, and 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004, 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 deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2023-002, to be a significant deficiency.

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

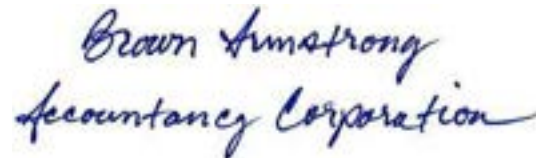
*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 29, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California  
March 25, 2024

## **FINANCIAL STATEMENTS**

**COUNTY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Passed through State of California, Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22PPQFO000C453	\$ -	\$ 212,991
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22PPQFO000C001	-	537,835
Plant and Animal Disease, Pest Control, and Animal Care	10.025	22-0294-010-SF	-	84,424
Plant and Animal Disease, Pest Control, and Animal Care	10.025	22-0294-024-SF	-	395,803
Plant and Animal Disease, Pest Control, and Animal Care	10.025	21-0595-007-SF	-	199,977
Subtotal			<u>-</u>	<u>1,431,030</u>
Passed through State of California, Department of Education				
National School Lunch Program	10.555	01177-SN-10-R	-	175,695
Subtotal			<u>-</u>	<u>175,695</u>
Passed through State of California, Department of Social Services				
State Administration Matching Grant for SNAP	10.561	CFL 22/23: 19, 82, 83	421,025	29,790,149
COVID-19 State Administration Matching Grant for SNAP	10.561	CFL 22/23: 06, 64	-	15,998
State Administration Matching Grant for SNAP	10.561	020:008D,017D,027D,036D,045D,054D,063D,072D,081D,100D,109D	-	1,290,668
Passed through State of California, Department of Public Health				
State Administration Matching Grant for SNAP	10.561	19-10323	659,247	1,440,927
Subtotal			<u>1,080,272</u>	<u>32,537,742</u>
Passed through State of California Forest Service				
Schools and Roads - Grants to Counties	10.666	--	-	546,364
Subtotal			<u>-</u>	<u>546,364</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>1,080,272</b></u>	<u><b>34,690,831</b></u>
<b>U.S. Department of Housing and Urban Development</b>				
Direct Federal Programs				
Community Development Block Grants	14.218	--	2,075,426	4,691,041
Subtotal			<u>2,075,426</u>	<u>4,691,041</u>
Direct Federal Programs				
COVID-19 Emergency Solutions Grant Program	14.231	E-20-UW-06-0003	1,244,537	1,535,605
Emergency Solutions Grant Program	14.231	E-21-UC-06-0003	239,277	258,677
Subtotal			<u>1,483,814</u>	<u>1,794,282</u>
Direct Federal Programs				
Home Investment Partnerships Program	14.239	--	-	717,160
Lead-Based Paint Hazard Control	14.900	CALHB0654-17	-	441,593
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>3,559,240</b></u>	<u><b>7,644,076</b></u>
<b>U.S. Department of the Interior</b>				
Passed through Office of the Secretary of the Interior				
Flood Control Act Lands	15.433	--	-	17,741
<b>Total U.S. Department of the Interior</b>			<u><b>-</b></u>	<u><b>17,741</b></u>
<b>U.S. Department of Justice</b>				
Direct Federal Programs				
Missing Children's Assistance	16.543	--	-	398,201
Missing Children's Assistance	16.543	--	-	120,894
Subtotal			<u>-</u>	<u>519,095</u>
State Criminal Alien Assistance Program	16.606	--	-	352,329
Bulletproof Vest Partnership Program - 2021	16.607	--	-	62,966
Bulletproof Vest Partnership Program - 2022	16.607	--	-	7,776
Subtotal			<u>-</u>	<u>70,742</u>
DNA Backlog Reduction Program	16.741	DOJ-OJP	-	68,825
DNA Backlog Reduction Program	16.741	DOJ-OJP	-	251,649
DNA Backlog Reduction Program	16.741	DOJ-OJP	-	112,687
Subtotal			<u>-</u>	<u>433,161</u>
Equitable Sharing/Dept. of Justice Asset Forfeiture Program	16.922	--	-	158,060
Equitable Sharing/Dept. of Justice Asset Forfeiture Program	16.922	--	-	108,310
Equitable Sharing/Dept. of Justice Asset Forfeiture Program	16.922	--	-	76,774
Subtotal			<u>-</u>	<u>343,144</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Justice (Continued)</b>				
Passed through Bureau of Justice Assistance				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000538	-	29,086
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000538	-	11,408
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000538	-	23,837
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 612-19	-	363,274
Subtotal			-	427,605
Passed through Bureau of Justice Assistance				
Crime Victim Assistance	16.575	HA 22 05 0100	-	204,967
Crime Victim Assistance	16.575	VW 22 41 0100	-	1,112,531
Crime Victim Assistance	16.575	XC 22 05 0100	-	408,869
Crime Victim Assistance	16.575	UV 22 01 0100	-	132,514
Subtotal			-	1,858,881
Violence Against Women Formula Grants				
Violence Against Women Formula Grants	16.588	PU 22 01 0100	-	121,475
Violence Against Women Formula Grants	16.588	VV22050100	-	111,710
Violence Against Women Formula Grants	16.588	VV21040100	-	95,677
Subtotal			-	328,862
<b>Total U.S. Department of Justice</b>			<b>-</b>	<b>4,333,819</b>
<b>U.S. Department of Labor</b>				
Passed through State of California, Department of Economic and Workforce Development				
Workforce Innovation & Opportunity Act (WIOA) Adult Program	17.258	884353731	-	7,681
Subtotal			-	7,681
<b>Total U.S. Department of Labor</b>			<b>-</b>	<b>7,681</b>
<b>U.S. Department of Transportation</b>				
Passed through State of California, Department of Transportation				
Highway Planning and Construction	20.205	BRLS-5942	-	7,118,144
Highway Planning and Construction	20.205	BRLQ-5942	-	1,431,356
Highway Planning and Construction	20.205	CML-5942	-	8,414,179
Highway Planning and Construction	20.205	STPL-5942	-	696,954
Highway Planning and Construction	20.205	X23-5942(316)	-	368,108
Highway Planning and Construction	20.205	HSIPL-5942	-	55,388
Highway Planning and Construction	20.205	ATPL-5942	-	572,952
Subtotal			-	18,657,081
Passed through Department of Transportation Federal Railroad Administration (FRA)				
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-56	-	8,537
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-57	-	36,580
Subtotal			-	45,117
Passed through State of California, Office of Traffic Safety				
National Priority Safety Grants	20.616	DI23002	-	345,248
National Priority Safety Grants	20.616	DI22025	-	120,576
Subtotal			-	465,824
Passed through State of California, Department of Transportation Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL24011	-	296,579
<b>Total U.S. Department of Transportation</b>			<b>-</b>	<b>19,464,601</b>
<b>U.S. Department of Treasury</b>				
Direct Federal Programs				
COVID-19 Emergency Rental Assistance	21.023	D-21-103	4,059,859	4,566,817
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	--	11,572,481	34,029,988
<b>Total U.S. Department of Treasury</b>			<b>15,632,340</b>	<b>38,596,805</b>
<b>U.S. Election Assistance Commission</b>				
Passed through State of California, Secretary of State				
Help America Vote Act	90.401	21G30105	-	216,999
<b>Total U.S. Election Assistance Commission</b>			<b>-</b>	<b>216,999</b>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
Passed through State of California, Department of Social Services Special Programs for the Aging Title VIII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	16-019	-	1,426,306
Passed through State of California, Department of Public Health Homeland Security Grant Program	93.067	16-019	-	1,469,887
Public Health Emergency Preparedness	93.069	EPO 13-11	-	718,940
Passed through State of California, Department of Social Services Guardianship Assistance	93.090	020:032D,040D,056D,088D,104D,007E	-	131,093
Guardianship Assistance Subtotal	93.090	020:504D,510D,517D,523D,528D,533D,539D,544D,550D,555D,560D,502E	-	2,596,214
			-	2,727,307
Passed through State of California, Department of Public Health Tuberculosis Control Programs	93.116	FSIE	-	19,348
Direct Federal Programs Community Programs to Improve Minority Health Grant Program	93.137	--	954,424	1,520,266
Passed through State of California, Department of Public Health HIV-Related Training and Technical Assistance	93.145	10-95258	-	275,585
Passed through State of California, Department of Mental Health Projects for Assistance in Transition from Homelessness (PATH)	93.150	68-0317191	317,162	317,162
Passed through State of California, Department of Public Health Child Lead Poisoning Prevention Projects	93.197	14-10020	-	247,365
Immunization Cooperative Agreements	93.268	17-10306	-	4,328,740
Passed through State of California, Department of Public Health COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	20-471	-	260,639
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Subtotal	93.323	20-471	-	9,505,684
			-	9,766,323
Direct Federal Programs Public Health Emergency Response	93.391	--	920,665	1,329,883
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	93.421	CDC-NACCHO	-	100,000
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93.435	--	365,659	507,644
Passed through State of California, Department of Public Health Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	20-10704	8,551	16,077
State Physical Activity & Nutrition (SPAN)	93.439	18-10558	43,924	85,005
ACA Maternal, Infant, & Early Childhood Home Visiting Program	93.505	CHVP 22-10	-	641,136
Passed through State of California, Department of Social Services Promoting Safe and Stable Families	93.556	CFL 21/22: 24,25	1,081,586	1,267,277
Passed through State of California, Department of Social Services Temporary Assistance for Needy Families	93.558	020:008D,017D,027D,036D,045D,063D,072D,081D,090D,100D,109D	-	1,449,962
Temporary Assistance for Needy Families	93.558	CFL 22/23: 02,12,18E,43,85	1,742,756	45,751,512
		020:002D,010D,024D,033D,037D,048D,059D,066D,076D,082D,096D,101D,102D,		
		008E	-	56,862,950
Temporary Assistance for Needy Families	93.558	020:506D,513D,518D,522D,529D,534D,538D,543D,549D,554D,558D,564D	-	18,886,378
Temporary Assistance for Needy Families	93.558	CFL 22/23-70	-	4,483,066
Temporary Assistance for Needy Families	93.558	020:504D,510D,517D,523D,528D,533D,539D,544D,550D,555D,560D,502E	-	5,320,146
Temporary Assistance for Needy Families Subtotal	93.558	020:033D,037D,048D,059D,066D,076D,082D,096D,102D,008E	-	13,847,001
			1,742,756	146,601,015
Passed through State of California, Department of Child Support Services Child Support Enforcement	93.563	CSSI LETTER 20-06	-	18,839,240

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed through State of California, Department of Social Services Refugee and Entrant Assistance_State Administered Programs	93.566	020:032D,056D,088D,104D,007E	-	120,665
Refugee and Entrant Assistance_State Administered Programs	93.566	020:504D,510D,517D,523D,528D,533D,539D,544D,550D,555D,560D,502E	-	392,212
Subtotal			-	512,877
Grants to States for Access and Visitation Programs	93.579	ACIN I-41-15	-	2,798
Community-Based Child Abuse Prevention Grants	93.590	A-22-142	-	83,732
Adoption and Legal Guardianship Incentive	93.603	CFL 22/23-86	27,500	276,775
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CFL 22/23-70	-	588,081
Foster Care Title IV-E	93.658	020:084D,000E	-	15,267
Foster Care Title IV-E	93.658	020:006D,009D,019D,028D,042D,050D,055D,065D,073D,084D,091D,101D,000E	-	14,664,593
Foster Care Title IV-E	93.658	020:006D,009D,019D,028D,042D,050D,055D,065D,073D,084D,091D,101D,000E	-	2,121,112
Foster Care Title IV-E	93.658	020:028D,042D,055D,084D,101D,000E	-	107,856
Foster Care Title IV-E	93.658	CFL 22/23-11	33,024	33,109
Foster Care Title IV-E	93.658	020:007D,013D,026D,032D,040D,053D,056D,068D,074D,088D,099D,104D,007E	-	1,754,309
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	95,463	323,322
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	-	66,992
Foster Care Title IV-E	93.658	020:006D,009D,019D,028D,042D,050D,055D,065D,073D,084D,091D,101D,000E	-	237,937
Foster Care Title IV-E	93.658	020:028D,055D,084D,101D,000E	-	81,525
Subtotal for 93.658			128,487	19,406,022
Adoption Assistance	93.659	020:504D,510D,517D,523D,528D,533D,539D,544D,550D,555D,560D,502E	-	24,864,083
Adoption Assistance	93.659	020:003D,016D,025D,030D,038D,046D,058D,067D,077D,089D,098D,105D,004E	-	2,232,884
Subtotal			-	27,096,967
Social Services Block Grant	93.667	020:033D,082D,008E	-	7,281,891
Social Services Block Grant	93.667	CFL 22/23-70	-	2,303,872
Subtotal			-	9,585,763
Chafee Foster Care Independence Program	93.674	CFL 22/23-59	-	407,520
COVID-19 Elder Abuse Prevention Interventions Program	93.747	CFL 22/23-47	-	32,338
Passed through State of California, Department of Health Care Services Children's Health Insurance Program	93.767	Fresno (10)	-	308,096
Passed through State of California, Department of Mental Health				
Medical Assistance Program	93.778	12-89362	-	2,129
Medical Assistance Program	93.778	12-89362	-	927,638
Medical Assistance Program	93.778	10-NNA-10	-	236,176
Medical Assistance Program	93.778	12-89362	-	90,316,992
Medical Assistance Program	93.778	12-89362	-	5,700,000
Passed through State of California, Department of Health Care Services				
Medical Assistance Program	93.778	Fresno (10)	-	3,321,795
Medical Assistance Program	93.778	Fresno (10)	-	525,108
Medical Assistance Program	93.778	Fresno (10)	-	125,388
Medical Assistance Program	93.778	Fresno (10)	-	11,253
Medical Assistance Program	93.778	Fresno (10)	-	471,134
Medical Assistance Program	93.778	MCAC 21-22 01	-	41,142,328
Medical Assistance Program	93.778	Allocation Agreement Medi-Cal Health Navigators Project	-	116,002
Passed through State of California, Department of Social Services				
Medical Assistance Program	93.778	020:029D,039D,064D,093D	-	10,497,659
Medical Assistance Program	93.778	ACL 12-63	-	17,384,200
Medical Assistance Program	93.778	CFL 22/23-20	-	726,077
Passed through State of California, Department of Public Health				
Medical Assistance Program	93.778	202010 Fresno	-	194,438
Medical Assistance Program	93.778	202010 Fresno	1,040,522	2,013,335
Passed through State of California, Department of Alcohol and Drug Programs				
Medical Assistance Program	93.778	10-NNA10	-	23,896,878
Medical Assistance Program	93.778	10-NNA10	-	726,942
Medical Assistance Program	93.778	12-89362	-	2,000,000
Subtotal			1,040,522	200,335,472

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.



**COUNTY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>				
Direct Federal Programs Opioid STR	93.788	--	-	50,500
Passed through State of California, Department of Public Health COVID-19 Maternal, Infant and Early Childhood Home Visiting Grant	93.870	21-10739	-	27,406
Passed through State of California, Department of Public Health National Bioterrorism Hospital Preparedness Program	93.889	EPO-14-11	-	366,412
Direct Federal Programs Healthy Start Initiative	93.926	--	-	880,866
Passed through State of California, Department of Mental Health COVID-19 Block Grants for Community Mental Health Services	93.958	68-0317191	2,856,934	2,856,934
Passed through State of California, Department of Alcohol and Drug Programs COVID-19 Substance Abuse and Mental Health Block Grant	93.959	10-NNA10	199,738	234,352
Substance Abuse and Mental Health Block Grant	93.959	10-NNA10	4,095,818	4,155,667
Subtotal			4,295,556	4,390,019
Passed through State of California, Department of Public Health Preventive Health Services Sexually Transmitted Diseases Control Grant	93.977	21-10553	-	216,782
Passed through State of California, Department of Public Health Maternal and Child Health Services Block Grant to the States	93.994	202010 Fresno	-	306,846
Maternal and Child Health Services Block Grant to the States	93.994	202010 Fresno	-	201,174
Passed through State of California, Department of Mental Health Maternal and Child Health Services Block Grant to the States	93.994	M-20-0013	-	1,845,558
Subtotal			-	2,353,578
<b>Total U.S. Department of Health and Human Services</b>			<b>13,783,726</b>	<b>461,983,444</b>
<b>U.S. Executive Office of the President</b>				
Direct Federal Programs High Intensity Drug Trafficking Areas	95.001	--	-	154,361
<b>Total U.S. Executive Office of the President</b>			<b>-</b>	<b>154,361</b>
<b>U.S. Department of Homeland Security</b>				
Boating Safety Financial Assistance	97.012	--	-	113,284
Boating Safety Financial Assistance	97.012	--	-	27,342
Boating Safety Financial Assistance	97.012	--	-	150,000
Subtotal			-	290,626
Passed through State of California, Governor's Office of Emergency Services Emergency Management Performance Grant Program	97.042	OES 019-00000	-	206,330
<b>Total U.S. Department of Homeland Security</b>			<b>-</b>	<b>496,956</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING LOANS)</b>			<b>34,055,578</b>	<b>567,607,314</b>
<i>Federal Loan Balances with a Continuing Compliance Requirement</i>				
<b>U.S. Department of Agriculture</b>				
Rural Housing Preservation Grants	10.433		-	287,491
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grants	14.218		-	5,862,554
Neighborhood Stabilization Program	14.218		-	1,106,375
Home Investment Partnerships Program	14.239		-	31,440,183
<b>Federal Loan Balances with a Continuing Compliance Requirement</b>			<b>-</b>	<b>38,696,603</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (INCLUDING LOANS)</b>			<b>\$ 34,055,578</b>	<b>\$ 606,303,917</b>

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all of the federal award programs of the County of Fresno, California, (County) for the year ended June 30, 2023. The County reporting entity is defined in Note 1 to the County’s basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting, which is described in Note 1 to the County’s basic financial statements.

**NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Information reported in the accompanying Schedule of Expenditures of Federal Awards is in substantial agreement with the information reported in the related federal financial reports for the major federal programs.

**NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal award revenues are reported in the County’s basic financial statements as intergovernmental revenues principally in the General and Special Revenue Funds.

**NOTE 5 – INDIRECT COST RATE**

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 6 – LOANS OUTSTANDING**

The following programs had federally-funded loans outstanding at June 30, 2023 and 2022:

<u>Number</u>	<u>Program Title</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
10.433	Rural Housing Preservation Grants	\$ 287,491	\$ 304,631
14.218	Community Development Block Grants	5,862,554	6,076,182
14.218	Neighborhood Stabilization Program	1,106,375	1,171,173
14.239	Home Investment Partnerships Program	31,440,183	31,105,453
	Totals	<u>\$ 38,696,603</u>	<u>\$ 38,657,439</u>

**NOTE 7 – SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

Name of Program	Assistance Listing Number	Subrecipient	Amount
Supplemental Nutrition Assistance Program (SNAP)	10.561	California Health Collaborative	\$ 249,581
Supplemental Nutrition Assistance Program (SNAP)	10.561	Fresno County Superintendent of Schools	306,443
Supplemental Nutrition Assistance Program (SNAP)	10.561	CSUF Foundation - CVHPI	103,223
Supplemental Nutrition Assistance Program (SNAP)	10.561	America Works of California, Inc.	322,788
Supplemental Nutrition Assistance Program (SNAP)	10.561	Reading and Beyond	98,237
Community Development Block Grant	14.218	Boys & Girls Club	37,604
Community Development Block Grant	14.218	Cantua Creek Wastewater Treatment Plant	18,676
Community Development Block Grant	14.218	Caruthers Community Services District	446,064
Community Development Block Grant	14.218	City of Biola	252,387
Community Development Block Grant	14.218	City of Mendota	524,243
Community Development Block Grant	14.218	City of Riverdale	12,736
Community Development Block Grant	14.218	City of Selma	206,561
Community Development Block Grant	14.218	El Porvenir Wastewater Treatment Plant	12,574
Community Development Block Grant	14.218	Malaga County Water District	455,534
Community Development Block Grant	14.218	Marjaree Mason	37,515
Community Development Block Grant	14.218	Sierra Oaks	26,250
Community Development Block Grant	14.218	Westside Youth	45,282
Emergency Solutions Grant Program	14.231	RH Community Builders--- 7093	943,112
Emergency Solutions Grant Program	14.231	Turning Point of Central California, Inc.	348,594
Emergency Solutions Grant Program	14.231	Poverello House	192,108
Emergency Rental Assistance	21.023	RH Community Builders	4,059,859
Coronavirus State and Local Fiscal Recovery Funds	21.027	ACTS Foundation	169,673
Coronavirus State and Local Fiscal Recovery Funds	21.027	Biola Community Services District	126,439
Coronavirus State and Local Fiscal Recovery Funds	21.027	CARE Fresno	45,000
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno Community Hospital and Medical Center d.b.a	4,000,000
Coronavirus State and Local Fiscal Recovery Funds	21.027	Crossroads Village Fresno, LP	2,050,000
Coronavirus State and Local Fiscal Recovery Funds	21.027	Del Rey Community Services District	50,810
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresh Start Youth Center, Inc. d.b.a Mollie's House	27,000
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno Community Hospital and Medical Center	300,661
Coronavirus State and Local Fiscal Recovery Funds	21.027	National Food Festivals Inc.	201,833
Coronavirus State and Local Fiscal Recovery Funds	21.027	Habitat for Humanity	48,901
Coronavirus State and Local Fiscal Recovery Funds	21.027	Habitat for Humanity	317,980
Coronavirus State and Local Fiscal Recovery Funds	21.027	Malaga Community Water District	26,512
Coronavirus State and Local Fiscal Recovery Funds	21.027	Malaga Community Water District	73,900
Coronavirus State and Local Fiscal Recovery Funds	21.027	Riverdale Public Utility District	28,765
Coronavirus State and Local Fiscal Recovery Funds	21.027	Tranquility Irrigation District	30,999
Coronavirus State and Local Fiscal Recovery Funds	21.027	Tranquility Public Utility District	107,355
Coronavirus State and Local Fiscal Recovery Funds	21.027	Valley Caregivers	130,871
Coronavirus State and Local Fiscal Recovery Funds	21.027	Twilight Haven	40,922
Coronavirus State and Local Fiscal Recovery Funds	21.027	Clovis Rodeo Association Foundation	166,836
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno Metropolitan Ministry	128,000
Coronavirus State and Local Fiscal Recovery Funds	21.027	Poverello House	812,042
Coronavirus State and Local Fiscal Recovery Funds	21.027	Break the Barriers	85,336
Coronavirus State and Local Fiscal Recovery Funds	21.027	San Joaquin Valley Insurance Authority	2,426,734
Coronavirus State and Local Fiscal Recovery Funds	21.027	Easter Seals Central California	44,518
Coronavirus State and Local Fiscal Recovery Funds	21.027	Boys and Girls Club	90,415
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno EOC	40,979
Advancing Health Literacy	93.137	Centro La Familia Advocacy Services	497,447
Advancing Health Literacy	93.137	Avenal Community Health Center dba, Aria	401,953
Advancing Health Literacy	93.137	Reedley Community Hospital dba, Adventist Health	55,024
Projects for Assistance in Transition from Homelessness (PATH)	93.150	KINGS VIEW CORPORATION	317,162
Public Health Emergency Response	93.391	Fresno Metropolitan Ministry	553,709
Public Health Emergency Response	93.391	Fresno County Economic Opportunities Commission	40,354
Public Health Emergency Response	93.391	Centro Binacional para el Desarrollo	40,262
Public Health Emergency Response	93.391	Indigena Oaxqueno	
Public Health Emergency Response	93.391	Centro La Familia Advocacy Services	30,678
Public Health Emergency Response	93.391	Cultiva La Salud	43,871
Public Health Emergency Response	93.391	Exceptional Parents Unlimited	64,738
Public Health Emergency Response	93.391	Reading & Beyond	23,469
Public Health Emergency Response	93.391	West Fresno Family Resource	27,807
Public Health Emergency Response	93.391	United Way	95,777
Improving the Health of Americans Through Prevention and Management of Diabetes And Heart Disease and Stroke	93.426	Community Regional Medical Center	8,551
Innovative State and Local Public Health Strategies to Prevent	93.435	CSUF Foundation - CVHPI	64,299
Innovative State and Local Public Health Strategies to Prevent	93.435	ARIA Health Center	125,515
Innovative State and Local Public Health Strategies to Prevent	93.435	OMNI Family Health	175,845
State Physical Activity & Nutrition (SPAN)	93.439	California Health Collaborative	18,782
State Physical Activity & Nutrition (SPAN)	93.439	Fresno County Superintendent of Schools	25,142
Promoting Safe and Stable Families	93.556	Exceptional Parents Unlimited, Inc.	279,925

(Continued)

**NOTE 7 – SUBRECIPIENTS (Continued)**

Name of Program	Assistance Listing Number	Subrecipient	Amount
Promoting Safe and Stable Families	93.556	Centro La Familia Advocacy Services, Inc.	348,286
Promoting Safe and Stable Families	93.556	AspiraNet	221,185
Promoting Safe and Stable Families	93.556	Comprehensive Youth Svc - Visitation Services	232,190
Temporary Assistance for Needy Families	93.558	Housing Authority of the County of Fresno	261,157
Temporary Assistance for Needy Families	93.558	Centro La Familia	179,904
Temporary Assistance for Needy Families	93.558	Centro La Familia	361,563
Temporary Assistance for Needy Families	93.558	Comprehensive Youth Svc	287,669
Temporary Assistance for Needy Families	93.558	Exceptional Parents Unlimited	520,855
Temporary Assistance for Needy Families	93.558	Westside Family Preservation Service Network	131,608
Adoption and Legal Guardianship Incentive	93.603	Hub Home Provider	27,500
Foster Care	93.658	Central Valley Children's Services Network	33,024
Foster Care	93.658	VMS Family Counseling Services	95,463
Maternal Child and Adolescent Health	93.778	Exceptional Parents Unlimited	271,458
Maternal Child and Adolescent Health	93.778	Centro La Familia Advocacy Services	243,291
Maternal Child and Adolescent Health	93.778	Central Valley Children's Services Network	255,612
	93.778	Fresno County Economic Opportunities Commission	270,161
Maternal Child and Adolescent Health		Opportunities Commission	
Block Grants For Community Mental Health Services	93.958	Various	2,381,212
Block Grants For Community Mental Health Services	93.958	Exodus Recovery & All Four Youth	207,841
Block Grants For Community Mental Health Services	93.958	Turning Point Of Central California, Inc.	267,881
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Central California Recovery, Inc.	75,643
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Comprehensive Addiction Programs, Inc.	80,120
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Delta Care, Inc.	128,496
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Fresno County Hispanic Commission	253,794
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Fresno New Connections, Inc.	104,513
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Kings View Corporation	9,308
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Mental Health Systems, Inc.	822,418
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Prodigy Healthcare, Inc.	228,786
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Romesa Behavioral Health	133,880
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Tarzana Treatmentcenters, Inc.	29,099
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Turning Point Of Central California, Inc.	296,042
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Westcarecalifornia, Inc.	1,185,074
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Youth Leadership Institute	948,383
			\$ 34,055,578

## **FINDINGS AND QUESTIONED COSTS**

**COUNTY OF FRESNO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   No
- Noncompliance material to financial statements noted?        Yes   X   No

***Federal Awards***

Type of auditor’s report issued on compliance for major Federal programs: Unmodified

- Material weakness identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   Yes        No
- Noncompliance material to federal awards?        Yes   X   No
- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?   X   Yes        No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Fund
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee?        Yes   X   No

## **SECTION II – FINANCIAL STATEMENTS FINDINGS**

### **Finding 2023-001 – Financial Statements and Reporting Process**

#### Criteria

In accordance with *Government Accounting Standards*, internal controls should be designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement. These internal controls should be implemented to ensure that the Annual Comprehensive Financial Report (ACFR) is free of material misstatements.

#### Condition

During our audit of the ACFR, we noticed that the internal controls over the year-end procedures are not implemented properly to prevent, detect, and correct material misstatement on a timely basis. Material misstatements were discovered and brought to our attention by Management during our audit process.

#### Cause of Condition

The inconsistent accounting and reporting are the results of (1) misinterpretation of newly implemented Governmental Accounting Standards Board (GASB) pronouncements, and (2) aftereffects of the staffing shortage in 2022.

#### Repeat Finding

Yes.

#### Effect of Condition

Improper internal controls over financial reporting can lead to an unreliable and misleading ACFR due to improper recording, classifying, and summarizing financial information. This results in being unable to identify material errors and misstatements in a timely manner.

#### Recommendation

We recommend the County of Fresno (County) implement a training program for fiscal staff for all departments who are directly responsible for preparing and reviewing their respective financial information to ensure there is consistency and a sufficient knowledge base to prevent financial accounting and reporting obstacles.

#### Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Since 2022, proactive measures have been implemented to recruit, retain, and train staff within the Auditor/Controller-Treasurer/Tax Collector (ACTTC) department. Management remains steadfast in collaboration with various departments to ensure the timely submission of reports, thereby facilitating comprehensive reviews and mitigating the occurrence of any material adjustments. Our commitment to continuous improvement is evident in the ongoing annual Countywide Training, covering topics that presented challenges in the preceding year. These training sessions are recorded and made accessible on the ACTTC website for future reference.

## **SECTION III – FEDERAL AWARD FINDINGS**

### **Finding 2023-002 – Review of Income Eligibility and Verification System (IEVS) Reports**

**Program:** Temporary Assistance for Needy Families (TANF)

**Assistance Listing No.:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

**Passed Through:** State of California, Department of Social Services

**Award Year:** Fiscal Year 2022-2023

**Compliance Requirement:** Special Tests and Provisions

**Questioned Costs:** \$0

#### Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. This includes timely reviews of the IEVS reports for the TANF program.

#### Condition

Three instances were identified where the IEVS reports were not reviewed within forty-five days of receipt, in violation of program regulations.

#### Cause of Condition

Eligibility staff did not process and review IEVS reports timely due to departmental staffing shortages, high vacancy rates, and training and preparation efforts of the statewide migration into the CalSAWS System. There was an average of 18% vacancy rate during this rating period.

Also, the Department of Health Care Services (DHCS) stopped transmitting Applicant IEVS files to CalWIN on March 2, 2023, through June 2023. This was due to the Franchise Tax Board (FTB) annual data not being available. The stoppage during this timeframe incurred contradictory information to staff who thought they were not supposed to process all reports.

#### Repeat Finding

No.

#### Effect of Condition

The County is not in compliance with the IEVS special tests and provisions requirement related to the program.

#### Recommendation

Management should develop and implement a system to ensure that IEVS reports are reviewed within the required timeframe. This may include:

- Updating internal policies and procedures to clearly define the timeframe for IEVS review.
- Implementing a tracking system to monitor the receipt and review of IEVS reports.
- Providing training to staff on the importance of timely IEVS review procedures.



## Management Response and Corrective Action Plan

A reminder message will be sent to the appropriate staff to process Applicant IEVS within 45 days of application processing and renewals to ensure compliance of review of IEVS report. Internal policies such as Workflows will be reviewed and updated with IEVS report processing if possible. Also, an annual IEVS refresher training will be issued to staff who are required to process them. We also intend to have multiple Eligibility Worker recruitments throughout the year to address staffing shortages/reducing vacancy rate.

## **Finding 2023-003 – Coronavirus State and Local Fiscal Recovery Funds – Activities Allowed or Unallowed**

**Program:** Coronavirus State and Local Fiscal Recovery Funds

**Assistance Listing No.:** 21.027

**Federal Agency:** U.S. Department of the Treasury

**Passed Through:** N/A – Direct Program

**Award Year:** Fiscal Year 2022-2023

**Compliance Requirement:** Activities Allowed or Unallowed

**Questioned Costs:** \$988,387

### Criteria

As a condition to receiving Coronavirus State and Local Fiscal Recovery Funds (SLFRF) award payments from the U.S. Department of the Treasury (Treasury), the County agreed that the funds disbursed under this award may only be used in compliance with sections 602 and 603 of the Social Security Act (the Act), Treasury's regulations implementing that section, and guidance issued by Treasury regarding the SLFRF. Under the Treasury's guidance, recipients may use SLFRF payments to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers. Accordingly, recipients may not use SLFRF funds to provide premium pay to essential workers for work performed after the end of the National Emergency on April 10, 2023.

### Condition

During our testing of expenditures charged to the program, we noted the County provided bi-weekly payments of \$150 to County employees who work in congregate settings; the payments began on December 26, 2022, and will continue through the end of June 2025. Per inquiry of staff, the total amount of congregate settings payments for work performed after April 10, 2023, totaled \$988,387.

### Cause of Condition

The County's existing internal control system is not operating effectively to provide reasonable assurance that charges to the program are allowable.

### Repeat Finding

No.

### Effect of Condition

The County is not in compliance with the activities allowed or unallowed requirements related to the program.

## Recommendation

Management should develop an understanding of the compliance requirements for SLFRF and COVID-19 related programs. This can be achieved through the following actions:

- Reviewing the Single Audit Compliance Supplement and program-specific guidance documents issued by the awarding agencies.
- Consulting with qualified professionals specializing in federal grant compliance.
- Attending relevant trainings offered by the U.S. Department of the Treasury or the specific federal agencies managing the COVID-19 programs in which the County participates.

## Management Response and Corrective Action Plan

At the time of approval, the Board Agenda Item for the Congregate Setting Payment (CSP) program did not clearly state under which expenditure category this expense would fall under. Upon further research and as identified in the County's Recovery Plan Annual Report, the CSP program should have been classified under the expenditure category for Public Health and Negative Economic Impacts (EC 3) as it addressed the negative impacts of the COVID-19 pandemic experienced by the County, by providing a retention incentive to specific positions working in congregate settings. The County will be working with the Treasury to properly categorize the payments to its correct Expenditure Category. The County will be in communication with the CAO's office to ensure that expenditures reported in the Project and Expenditure Quarterly Reports (P&E) are in agreement with the intended expenditure categories as specified in the County's Recovery Plan. The County will revise the CSP program to properly reflect its correct expenditure category in the next P&E Report, due July 31, 2024, for Quarter 1 2024. An agenda item will be submitted for approval to the County Board of Supervisors which will memorialize the CSP program by April 2024.

## **Finding 2023-004 – Coronavirus State and Local Fiscal Recovery Funds – Allowable Cost/Cost Principles**

**Program:** Coronavirus State and Local Fiscal Recovery Funds

**Assistance Listing No.:** 21.027

**Federal Agency:** U.S. Department of the Treasury

**Passed Through:** N/A – Direct Program

**Award Year:** Fiscal Year 2022-2023

**Compliance Requirement:** Allowable Cost/Cost Principles

**Questioned Costs:** \$1,734,018

### Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.403 states that, except where otherwise authorized by statute, in order to be allowable under Federal awards, costs must be incurred during the approved budget period.

### Condition

During our testing of expenditures charged to the program, we identified \$1,734,018 in questioned costs related to cybersecurity improvements recorded during the audit period ending June 30, 2023. Our procedures revealed that these costs were actually incurred outside the audit period, with evidence indicating dates after June 30, 2023.

### Cause of Condition

The County's existing internal control system is not operating effectively to provide reasonable assurance that charges to the program are allowable.

### Repeat Finding

Yes. See prior year finding 2022-002.

### Effect of Condition

The County is not in compliance with the allowable cost/cost principles requirements under the Uniform Guidance.

### Recommendation

Management should review the identified transactions and reclassify them to the appropriate period. Additionally, management should strengthen internal controls to ensure that only allowable costs incurred by the County's fiscal year end period are charged to the program. This may include procedures for reviewing invoices and approving expenditures to verify the date the cost was incurred. For ongoing Department claims, management should ensure that proper documentation exists for each expenditure, including receipts, invoices, and proof of payment prior to processing.

### Management Response and Corrective Action Plan

The County agrees with the finding. The County processed a transfer of revenues to ISD in anticipation of the expenses to be incurred for cybersecurity improvements in FY 2022-2023; however, the fund was not fully spent. The Auditor-Controller's office will work with the CAO's office to review and address the inefficiencies in the County's internal control system. We will review the identified transactions and will work with ISD to reclassify the identified expenditures to the appropriate period. Going forward, the County will ensure that proper documentation, such as receipts, invoices, and proof of payments, are received from departments prior to processing. This implementation will be effective immediately.



**COUNTY OF FRESNO  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2023**

**I. FINANCIAL STATEMENT FINDINGS**

**Finding 2023-001 – Financial Statements and Reporting Process (Material Weakness)**

Management's Response or Department's Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

Since 2022, proactive measures have been implemented to recruit, retain, and train staff within the Auditor/Controller-Treasurer/Tax Collector (ACTTC) department. Management remains steadfast in collaboration with various departments to ensure the timely submission of reports, thereby facilitating comprehensive reviews and mitigating the occurrence of any material adjustments. Our commitment to continuous improvement is evident in the ongoing annual Countywide Training, covering topics that presented challenges in the preceding year. These training sessions are recorded and made accessible on the ACTTC website for future reference.

Anticipated Completion Date

Currently completed – Ongoing

Contact Information of Responsible Official

Name: Rochelle Garcia  
Title: Accounting & Financial Division Chief  
Phone: 559-600-1351

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2023-002 – Review of Income Eligibility and Verification System (IEVS) Reports (Significant Deficiency)**

Management's Response or Department's Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

A reminder message will be sent to the appropriate staff to process Applicant IEVs within 45 days of application processing and renewals to ensure compliance of review of IEVs report. Internal policies such as Workflows will be reviewed and updated with IEVs report processing if possible. Also, an annual IEVs refresher training will be issued to staff who are required to process them. We also intend to have multiple Eligibility Worker recruitments throughout the year to address staffing shortages/reducing vacancy rate.

Anticipated Completion Date

April 2024

Contact Information of Responsible Official

Name: Stephanie Oakley  
Title: DSS Division Chief  
Phone: 559-600-28760

**Finding 2022-003 – Coronavirus State and Local Fiscal Recovery Funds – Activities Allowed or Unallowed (Significant Deficiency)**

Management’s Response or Department’s Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

At the time of approval, the Board Agenda Item for the Congregate Setting Payment (CSP) program did not clearly state under which expenditure category this expense would fall under. Upon further research and as identified in the County’s Recovery Plan Annual Report, the CSP program should have been classified under the expenditure category for Public Health and Negative Economic Impacts (EC 3) as it addressed the negative impacts of the COVID-19 pandemic experienced by the County, by providing a retention incentive to specific positions working in congregate settings. The County will be working with the Treasury to properly categorize the payments to its correct Expenditure Category. The County will be in communication with the CAO’s office to ensure that expenditures reported in the Project and Expenditure Quarterly Reports (P&E) are in agreement with the intended expenditure categories as specified in the County’s Recovery Plan. The County will revise the CSP program to properly reflect its correct expenditure category in the next P&E Report, due July 31, 2024, for Quarter 1 2024. An agenda item will be submitted for approval to the County Board of Supervisors which will memorialize the CSP program by April 2024.

Anticipated Completion Date/Completion Date

April 2024

Contact Information of Responsible Official

Name: George Uc  
Title: Principal Administrative Analyst  
Phone: 559-600-1231

**Finding 2022-004 – Coronavirus State and Local Fiscal Recovery Funds – Allowable Cost/Cost Principles (Significant Deficiency)**

Management’s Response or Department’s Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

The County processed a transfer of revenues to ISD in anticipation of the expenses to be incurred for cybersecurity improvements in FY 2022-2023; however, the fund was not fully spent. The Auditor-Controller’s office will work with the CAO’s office to review and address the inefficiencies in the County’s internal control system. We will review the identified transactions and will work with ISD to

reclassify the identified expenditures to the appropriate period. Going forward, the County will ensure that proper documentation, such as receipts, invoices, and proof of payments, are received from departments prior to processing. This implementation will be effective immediately.

Anticipated Completion Date

March 2024

Contact Information of Responsible Official

Name: George Uc  
Title: Principal Administrative Analyst  
Phone: 559-600-1231

**COUNTY OF FRESNO  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

**Finding 2022-001 – Financial Statements and Reporting Process**

Criteria

In accordance with *Government Accounting Standards*, internal controls should be designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement. These internal controls should be implemented to ensure that the Annual Comprehensive Financial Report (ACFR) is free of material misstatements.

Condition

During our audit of the ACFR, we noticed that the internal controls over the year-end procedures are not implemented properly to prevent, or detect and correct, material misstatement on a timely basis. Material misstatements were detected during our audit process.

Cause of Condition

The inconsistent accounting and reporting are the results of (1) significant turnover in the Auditor-Controller-Treasurer-Tax Collector (ACTTC) and other County of Fresno (County) departments; (2) newer staff does not have adequate governmental accounting knowledge and skills to record accounting transactions in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for accounting and reporting processes; and (3) insufficient time for proper supervisor review.

Repeat Finding

Yes.

Effect of Condition

This leads to inappropriate accounting transactions (entries) as well as financial reporting issues which leads to materially misstated ACFR balances. Prior period adjustments were made to record a loan liability in the amount of \$4.6 million, a reduction in long-term debt in the amount of \$17 million, and a missing \$25.1 million lease liability. A current year adjustment was made related to the reduction in long-term debt in the amount of \$18.8 million. This condition results in the ACFR preparation being delayed and costing additional County time and resources to prepare ACFR-related schedules.

Recommendation

We recommend the County implement a training program for fiscal staff for all departments who are directly responsible for preparing and reviewing their respective financial information to ensure there is consistency and a sufficient knowledge base to prevent financial accounting, and reporting obstacles. In addition, we recommend each department take direct responsibility for providing accurate financial information for financial statement reporting to assist in compiling the ACFR. We also recommend that the County properly reconcile balances as part of the ACFR preparation process to ensure the accuracy and timeliness of financial reporting data in the County's accounting system. In addition, we recommend experienced fiscal staff or supervisor perform a more thorough review of the accounting work performed by newer inexperienced staff.

## Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. The ACTTC has hired a new set of accountants who are being trained on the County's financial reporting processes. Management is stabilizing the division by requesting the County Administrative Officer to work with Human Resources to review staff compensation to encourage staff to stay and gain the knowledge and necessary experience in accounting. Management will review year-end processes to ensure that any accruals and adjustments made are reflected in the workpapers provided in the ACFR compilation process. Continued in-depth training will be provided by the ACTTC to the departments during the annual Countywide Training with emphasis given on early preparation to lessen 13<sup>th</sup> period adjustments. The training will be recorded and available for staff to use as a reference. Lastly, communication will be disseminated to all County departments to ensure they assume responsibility for their accounting and reporting for the ACFR presentation.

## Current Year Status

See current year finding 2023-001.

## **SECTION III – FEDERAL AWARD FINDINGS**

### **Finding 2022-002 – Allowable Costs/Cost Principles**

**Program:** Coronavirus State and Local Fiscal Recovery Funds

**Assistance Listing No.:** 21.027

**Federal Agency:** U.S. Department of the Treasury

**Passed Through:** N/A – Direct Program

**Award Year:** Fiscal Year 2021-2022

**Compliance Requirement:** Allowable Costs/Cost Principles

**Questioned Costs:** \$376,777

### Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

### Condition

During our testing of expenditures charged to the program, we noted one payment in the amount of \$494,988 for emergency rental assistance; the amount was a supplemental payment for the month of September 2021 and, based on the invoices provided, the amount should have been \$118,211.

### Cause of Condition

The County's existing internal control system is not operating effectively to provide reasonable assurance that charges to the program are accurate and allowable. The supplemental amount was incorrectly calculated based on a prior processed payment for August 2021 instead of September 2021.

### Repeat Finding

No.



### Effect of Condition

The County is not in compliance with the allowable cost/cost principles requirements related to the program.

### Recommendation

We recommend that the County adhere to its payment procedures and review invoices and other related source documents for completeness, reasonableness, and accuracy. We also recommend the County ensure that source documents match the payment document and that supervisors review payment documents for accuracy and match pertinent information with invoice, contract, and other related payment source documents with the PeopleSoft voucher that was created.

### Management Response and Corrective Action Plan

The County issued reimbursement based on actuals. The voucher created by the department was for \$494,988 and the County reimbursed this amount back to the department. ARPA over claiming started with the payment of the supplemental September 21 invoice that was miscalculated by reducing the Revised September 21 invoice with the Original August 21 invoice, instead of the Original September 21 invoice. This miscalculation was not immediately recognized when the supplemental payment was paid in November 2021. The need to return funds to ARPA was recognized after the DSS Admin completed a reconciliation at end of 2022. This was communicated to DSS Finance in January 2023, thus the discussion between DSS Finance and DSS Admin to finalize the amount. DSS is already in the process of finalizing the amount that needs to be returned to the County ARPA funds. For the corrective action, DSS will be submitting a memo signed by the DSS Director addressed to the CAO for the return of \$376,777 to the County ARPA funds.

### Current Year Status

See current year finding 2023-003.

## **Finding 2022-003 – Subrecipient and Contractor Determinations**

**Program:** Coronavirus State and Local Fiscal Recovery Funds

**Assistance Listing No.:** 21.027

**Federal Agency:** U.S. Department of the Treasury

**Passed Through:** N/A – Direct Program

**Award Year:** Fiscal Year 2021-2022

**Compliance Requirement:** Subrecipient Monitoring

**Questioned Costs:** \$0

### Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per §200.331, a pass-through entity (the County) must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. A pass-through entity (the County) with subrecipients is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Depending upon the pass-through entity's assessment of risk posed by the subrecipient, the entity must develop techniques/tools to ensure proper accountability and compliance with program requirements and achievement of performance goals by the subrecipient.

#### Condition

During our testing of compliance with the subrecipient monitoring requirement, we noted that the County did not have formal, written subrecipient monitoring policies or procedures in place, as the Subrecipient Monitoring Policy document was adopted on June 21, 2022. In addition, management did not conduct pre-award evaluations of whether the agreements made by the County for the disbursement of CSLFRF payments cast the party receiving the funds in the role of a subrecipient or contractor, as four out of four CSLFRF recipients were missing documentation regarding the characteristics which support the classifications and the judgments used to make such determinations. Also, the County did not evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

#### Cause of Condition

The County's existing internal control system is not properly designed to meet the control objectives under subrecipient monitoring.

#### Repeat Finding

No.

#### Effect of Condition

There is increased risk of noncompliance with the subrecipient monitoring requirement as set forth in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, which can jeopardize future federal funding as well as result in the payback of federal awards. Failure to perform a comprehensive risk assessment prior to executing subaward agreements may result in an incomplete understanding of a subrecipient's risk profile, and insufficient monitoring or only relying on self-reporting can allow certain risks to go unaddressed and lead to noncompliance with grant requirements. In addition, an incorrect determination could have a significant impact on whether the party receiving federal funds is required to have an audit.

#### Recommendation

We recommend the County design and implement internal control activities over the subrecipient monitoring compliance requirement under the Uniform Guidance. We also recommend the County establish policies and procedures, especially documentation requirements, to make pre-award determinations of whether each agreement it makes for the disbursement of Federal award funds casts the party receiving the funds in the role of a subrecipient or a contractor. In addition, we recommend the County implement a training program for all staff directly involved in the administration of Federal award funds to become knowledgeable of the cost principles and requirements under the Uniform Guidance.

#### Management Response and Corrective Action Plan

Management agrees with the findings and has provided the following corrective action plan.

1. County will assess existing policies, design, and implement additional internal control activities over the subrecipients to improve monitoring compliance requirements under the Uniform Guidance.

2. County will establish policies and procedures to document pre-award determinations of whether each agreement it makes for the disbursement of Federal award funds casts the party receiving the funds in the role of a subrecipient or a contractor.
3. County will implement a training program for all staff directly involved in the administration of Federal award funds to become knowledgeable of the cost principles and requirements under the Uniform Guidance.

#### Current Year Status

Implemented.

#### **Finding 2022-004 – Reporting**

**Program:** Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

**Assistance Listing No.:** 93.323

**Federal Agency:** U.S. Department of Health and Human Services

**Passed Through:** State of California, Department of Public Health (CDPH)

**Award Year:** Fiscal Year 2021-2022

**Compliance Requirement:** Reporting

**Questioned Costs:** \$0

#### Criteria

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.303 states that the non-Federal entity (County) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a subrecipient of the COVID-19 ELC funding, the Centers for Disease and Control Prevention (CDC) requires timely submission of quarterly progress reports, quarterly expenditure reports, and monthly expenditure reports to the pass-through entity, CDPH.

#### Condition

During our testing of compliance with the reporting requirement, we selected two quarterly progress reports, two quarterly expenditure reports, and two monthly reports, and noted that the County did not submit the six required reports on a timely basis.

#### Cause of Condition

The County's existing internal control system is not properly designed to meet the control objectives under reporting requirements.

#### Repeat Finding

No.

#### Effect of Condition

The County did not comply with ELC reporting requirements.

### Recommendation

We recommend the County design and implement proper internal control activities over the reporting compliance requirement to ensure fiscal accountability and reporting requirements are met in a timely manner.

### Management Response and Corrective Action Plan

The quarterly reports were managed under Department administration resources during the COVID pandemic response. During this time there were significant vacancies with the Department and consistent turnover that required for staff to be constantly retrained in their duties. As Department administration was able to stabilize its resources the analyst compiling the information from multiple divisions still had the challenge of managing the collection of responses with a highly impacted department staff. The department administration analyst leading the compiling of the information for ELC quarterly reports was also assisting with COVID response duties in ensuring contracts and resources were in place to maintain or adjust COVID response resources. In addition, there was significant turnover and addition of staff at the State level that didn't allow for timely responses to local inquiries that affect contract management and report. After the stabilization of the workforce at both levels there has been significant improvement in meeting timelines.

### Current Year Status

Implemented.

**Department of Public Health  
Payroll Compliance Audit  
For Calendar Years 2021 & 2022  
(December 14, 2020 through June 26, 2022)  
County of Fresno, CA**



## County of Fresno

Oscar J. Garcia, CPA  
Auditor-Controller/Treasurer-Tax Collector

February 7, 2024

David F. Luchini  
Department of Public Health  
1221 Fulton Street  
Fresno, CA 93721

Dear Mr. Luchini,

We have completed a payroll compliance audit of the Department of Public Health (Department). The purpose of the payroll compliance audit, which is limited in scope, is to account for the proper handling and reporting of payroll procedures, as well as to determine the Department's compliance with established internal controls, policies, and procedures.

We have identified three findings and have made the corresponding recommendations. The findings and recommendations can be found on pages six and seven of this report.

We would like to express our appreciation to the Department's staff for their assistance and cooperation during this audit. If you have any questions, please contact Rochelle Garcia, Accounting & Financial Division Chief at (559) 600-1351.

Sincerely,

Oscar J. Garcia, CPA  
Auditor-Controller/Treasurer-Tax Collector

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# Audit Report

## Introduction

The Financial Reporting & Audits division of the Auditor-Controller/Treasurer-Tax Collector (ACTTC) conducted a payroll compliance audit of the Department of Public Health (Department) for dates in calendar years 2021 and 2022. The ACTTC elected to perform this audit based on the Departmental Risk Assessment performed yearly as part of the County of Fresno Internal Audit Plan.

## Background

The Department consists of many health programs that serve over 1 million residents in the County of Fresno. Department staff work to administer a vast range of programs to residents within the county. The purpose of the Department is to promote, preserve, and protect the well-being of the community and to ensure the optimal health of the public.

The Department's workforce includes a wide variety of job titles: Public Health Nurses who focus on improving community health by providing a variety of health care services; Environmental Health Workers who provide many public health services, involving regulation of retail food facilities, hazardous materials facilities, and water-well construction; and staff members who perform fiscal and administrative functions that include but are not limited to Office Assistants, Analysts (Staff, Business Systems, Financial, and Information Technology), Account Clerks, and Accountants.

## Objectives, Scope, and Methodology

The objective of this audit was to ensure that payroll components reviewed were accurate, and that approval processes and supporting documentation existed. In addition, the following was completed:

1. Performed a test of controls to verify if they were at an acceptable level.
2. Verified the existence of segregation of duties.
3. Selected a sample, with the inclusion of overtime transactions, and performed a test of controls and details.



To accomplish our audit objectives, we performed the following audit procedures:

- Conducted interviews with Department staff.
- Obtained a copy of the most recent Policies and Procedures from the Department.
- Reviewed payroll transactions for appropriate timing of payroll, accuracy and appropriate approvals, and proper supporting documentation.

We conducted this audit in accordance with the standards promulgated by the Institute of Internal Auditors. Those standards require that auditors identify sufficient, reliable, relevant, and useful information to achieve the audit objectives. We believe that the information obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Conclusion**

The audit resulted in the identification of three findings. First, the Department lacked internal controls over timesheets. Second, we found in various instances, that the Department lacked sufficient overtime and differential pay documentation. Third, the Department had a supervisor approve timesheets not on the authorized approval list. We have made recommendations that relate to each of the findings. These recommendations and details of each finding can be found in the Findings and Recommendations section of this report.

This report is intended solely for the information and use of the County of Fresno Audit Committee and management of the Department and should not be used for any other purpose. However, this report is a matter of public records, and its distribution is not limited.

Oscar J. Garcia, CPA  
Auditor-Controller/Treasurer-Tax Collector

## Findings and Recommendations

### **Finding 1 – Lack of effective internal controls over the timesheet**

We noted the Department does not have written departmental policies and procedures and therefore lacks effective internal controls over its timesheets and clock times. Clock times are required per “Recordkeeping Requirements under the Fair Labor Standards Act (FLSA)” – U.S. Department of Labor. There were 11 out of 60 samples selected for testing that included timesheets that were not supported by clock times or supporting documentation. Among these instances were examples of hours coded to the incorrect day on the timesheet, lack of support for hours coded to the timesheet, and hours coded to the timesheet did not match clock times.

#### **Recommendation 1:**

We recommend the development of written departmental policies and procedures. Written policies and procedures are an effective way to maintain strong internal controls. We recommend the Department use documented policies and procedures to delineate the control activities performed throughout the timesheet review process to mitigate the risk of inaccurate timesheets. Internal controls can be strengthened by performing a timely, detailed, and thorough review of timesheets, clock times, and other required supporting documentation. This will ensure that all hours worked during a pay period are properly and correctly reflected in the system. In addition, developing policies and procedures will aid in the orientation of new employees, and help ensure compliance with applicable laws and regulations.

### **Finding 2 – Lack of or incomplete overtime and differential documentation**

There were 5 out of the 60 samples tested, that included overtime, stand-by, or call-back hours, lacked or included inaccurate documentation. We also found 6 different transactions out of the 60 samples were erroneous payments for earn codes such as overtime, regular hours, stand-by, and call back. Based on the supporting documentation or lack thereof, 3 out of the 6 transactions were overpayments, with the largest overpayment totaling \$35.89. The remaining 3 were underpayments, with the largest underpayment totaling \$27.92.

#### **Recommendation 2:**

To minimize payroll discrepancies, whether an over or under-payment of overtime or differential pay, we recommend the Department have the immediate supervisor review and approve timesheets and related supporting documentation thoroughly.

Other procedures to minimize payroll discrepancies should include matching hours listed on any supporting documentation to clock times and timesheets. Supervisors and timekeepers should be aware of the work time for whom they are responsible.

Any changes to an employee's normal work schedule should be approved prior to the change occurring. An approval of overtime should be done in advance and in writing, when feasible. We recommend the Department to implement an overtime approval form. This will allow for better tracking of overtime hours and provide assurance that overtime hours are recorded accurately.

**Finding 3 –  
Supervisor  
signatures do not  
match the  
authorized  
approval list**

There were 2 out of the 60 samples tested that had a supervisor sign off on timesheets that were not included on the list of authorized approvers. After further inquiry with the Department, they explained the signatures were from alternate supervisors authorized to approve timesheets for that pay period through email communication to the timekeeper. The timekeeper was not able to provide any support due to it being deleted.

**Recommendation 3:**

We recommend the Department incorporate proper recourse in its policies and procedures when staff authorized to approve timesheets are unavailable. Specific names are not necessary, but following the chain of command may be a good alternative so there is no need to update the authorized staff list every time there is a change in staff.



**County of Fresno**  
**DEPARTMENT OF PUBLIC HEALTH**  
David Luchini, Director  
Dr. Rais Vohra, Interim Health Officer

March 15, 2024

Mr. Oscar J. Garcia  
Auditor-Controller/Treasurer-Tax Collector  
P.O. Box 1247  
Fresno, CA 93715

RE: Payroll Compliance Audit

Dear Mr. Garcia,

This letter is the Department of Public Health's response to the Payroll Compliance Audit's findings and recommendations by the Auditor-Controller/Treasurer-Tax Collector's Office:

**Finding 1 – Lack of effective internal controls over the timesheet**

Although the Department does not have actual written departmental policies and procedures regarding timesheet controls, it does follow general acceptable timesheet practices. In order to strengthen internal controls, however, the Department agrees with this audit that a written departmental policies and procedures guide is needed to delineate the control activities performed throughout the timesheet review process. Work has already begun on this and we anticipate completion later this year.

**Finding 2 – Lack of or incomplete overtime and differential documentation**

The current process used by the Department for timesheet approval requires supervisors to review and approve their staff's timesheets. Although this is the current process, the Department hasn't formalized it in a written policy or procedures guide. The Department concurs with the audit that to minimize payroll discrepancies, there should be documentation required and used to match hours on the timesheet. The Department will work on creating an overtime approval form and have employees fill out that form in advance if feasible.

During the audit, over and underpayments were discovered. The Department will submit payroll adjustments to correct these discrepancies. Staff who are no longer with us will receive a letter from the Department.

**Finding 3 – Supervisor signatures do not match the authorized approval list**

The Department acknowledges that during the period of COVID response, staff other than a supervisor approved timesheets. Although this is not a typical practice, the Department was in *emergency response* mode responding to a worldwide public health pandemic. We had to utilize

***Promotion, preservation and protection of the community's health***

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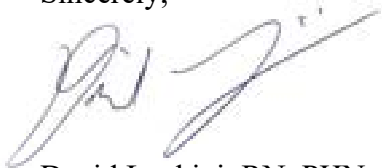
The County of Fresno is an Equal Employment Opportunity Employer  
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Oscar J. Garcia  
March 15, 2024  
Page 2

team leaders to approve timesheets because of a lack of critical staffing levels. From this point on, the Department will make sure that supervisors approve timesheets.

It has been a pleasure working with your staff on this audit. We look forward to continuing to work together to solidify our practices and procedures.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Luchini', with a long horizontal flourish extending to the right.

David Luchini, RN, PHN  
Director

**County of Fresno  
Auditor-Controller/Treasurer-Tax Collector  
Audit Plan for Fiscal Year 2025**

The rankings are based in part on financial analysis of PeopleSoft activities, prior year risk assessment, and Auditor-Controller/ Treasurer-Tax Collector's Office (ACTTC) experience throughout the year along with continuing audits from Fiscal Year (FY) 2023-24 that have not been completed due to various circumstances.

**High Risk Departments and Business Cycles**

<u>Department</u>	<u>Business Cycle</u>
Social Services	Assets (Capital and Sensitive)
ISD (Facility)	Cash Disbursements
ISD (Facility)	Assets (Capital and Sensitive)
ISD (Facility)	Fee Generated Revenue

**Suggested Departments and Business Cycles from the Audit Committee and ACTTC**

<u>Department</u>	<u>Business Cycle</u>
Social Services	Payroll
County Clerk	Payroll
Public Works	Payroll
County Counsel	Payroll
Social Services	Immediate Needs Check Issuance

**Additional Three Riskiest Departments and Business Cycles**

These departments and business cycles are considered medium risk. Inclusion in the audit plan will be at the discretion of the Audit Committee.

<u>Department</u>	<u>Business Cycle</u>
Public Health	Cash Disbursement
Resources (PWP)	Cash Receipts
Library	Cash Receipts

**Transition Reviews**

The purpose of the review is to account for all property under the control of the existing County officer as well as to determine the department's compliance with established internal controls, policies and procedures. Based on past experience and current County environment, we expect to perform at least two transition reviews during FY 2024-25 and project to use 250 staff hours per transition review.

**Follow-up Audits**

The purpose of these audits will be to ensure that any recommendations and corrective actions that result from audits are implemented in a timely manner. These follow-up audits will occur six months from the issuance of the original audit report. We expect to use 400 staff hours for follow-up audits.