

RACINE COUNTY

Racine, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2012

RACINE COUNTY

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

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Racine
Racine, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County of Racine's basic financial statements and have issued our report thereon dated June 24, 2013.

Internal Control Over Financial Reporting

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

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

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. This material weakness is item 2012-1.

To the Honorable Members of the Board of Supervisors
County of Racine

Compliance and Other Matters

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

County of Racine's Response to Finding

The County of Racine's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Racine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Baker Jilly Verchow Krause, CPA

Milwaukee, Wisconsin
June 24, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
REQUIRED BY OMB CIRCULAR A-133 AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Racine
Racine, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited the County of Racine, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the County of Racine's major federal and major state programs for the year ended December 31, 2012. The County of Racine's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

To the Honorable Members of the Board of Supervisors
County of Racine

Opinion on Each Major Federal and Major State Program

In our opinion, the County of Racine 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 and major state programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2012-3 and 2012-5. Our opinion on each major federal and major state program is not modified with respect to these matters.

County of Racine's Response to Findings

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state 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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-2, 2012-4, 2012-6, and 2012-7, that we consider to be significant deficiencies.

To the Honorable Members of the Board of Supervisors
County of Racine

County of Racine's Response to Findings

The County of Racine's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Racine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Guidelines

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 of Racine, Wisconsin as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County of Racine's basic financial statements. We issued our report thereon dated June 24, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Silly Virchow Kraus, LLP

Milwaukee, Wisconsin
September 30, 2013

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title or Cluster	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Revenues					Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
FEDERAL PROGRAMS										
U. S. Department of Agriculture										
Child Nutrition Cluster										
School Breakfast Program	10.553	WI DPI	N/A	\$ (5,197)	\$ -	\$ 11,099	\$ 7,764	\$ 13,666	\$ 13,666	
National School Lunch Program	10.555	WI DPI	N/A	(8,055)	-	17,540	13,461	22,946	22,946	
Total Child Nutrition Cluster				<u>(13,252)</u>	<u>-</u>	<u>28,639</u>	<u>21,225</u>	<u>36,612</u>	<u>36,612</u>	
State Administration Matching Grants for Food Stamp Program	10.561	WI DHS	N/A	(117,661)	-	194,989	3,543	80,871	80,871	
State Administration Matching Grants for Food Stamp Program	10.561	Kenosha Co	N/A	-	-	519,227	134,262	653,489	653,489	
State Administration Matching Grants for Food Stamp Program	10.561	Dane Co	N/A	(31,324)	-	45,997	20,033	34,706	34,706	
Subtotal 10.561				<u>(148,985)</u>	<u>-</u>	<u>760,213</u>	<u>157,838</u>	<u>769,066</u>	<u>769,066</u>	
Total U.S. Department of Agriculture				<u>(162,237)</u>	<u>-</u>	<u>788,852</u>	<u>179,063</u>	<u>805,678</u>	<u>805,678</u>	
U.S. Department of Housing and Urban Development										
Community Development Block Grant/State's Program	14.228	WI DOA	N/A	-	-	50,000	-	50,000	50,000	
Community Development Block Grant/State's Program	14.228	WEDC	N/A	-	-	1,686,664	-	1,686,664	1,686,664	
Total U.S. Department of Housing and Urban Development				<u>-</u>	<u>-</u>	<u>1,736,664</u>	<u>-</u>	<u>1,736,664</u>	<u>1,736,664</u>	
U.S. Department of Justice										
CEASE Grant	16.000	WI DOJ	N/A	(3,850)	-	4,305	-	455	455	
Drug Court Discretionary Grant	16.585	N/A	N/A	(147,637)	-	175,965	-	28,328	28,328	
Bulletproof Vest Partnership Program	16.607	N/A	N/A	-	-	1,742	368	2,110	2,110	
JAG Program Cluster										
Edward Byrne Memorial Formula Grant	16.738	Walworth Co	N/A	(19,067)	-	27,155	31,092	39,180	39,180	
Edward Byrne Memorial Formula Grant	16.738	City of Racine	N/A	-	-	-	36,404	36,404	36,404	
Edward Byrne Memorial Formula Grant	16.738	WI DOA-OJA	N/A	-	-	-	28,923	28,923	28,923	
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.803	City of Racine	N/A	-	-	-	27,798	27,798	27,798	
Total JAG Program Cluster				<u>(19,067)</u>	<u>-</u>	<u>27,155</u>	<u>124,217</u>	<u>132,305</u>	<u>132,305</u>	
Crime Victim Assistance	16.575	WI DOJ	N/A	(16,909)	-	60,725	17,391	61,207	61,207	
Juvenile Accountability Block Grant	16.523	WI DOA-OJA	N/A	(4,323)	-	13,853	7,111	16,641	16,641	
Juvenile Justice and Delinquency Prevention	16.540	WI DOA-OJA	N/A	(19,336)	-	44,850	30,723	56,237	56,237	
Anti-Gang Initiative	16.744	WI DOA-OJA	N/A	-	-	10,000	17,757	27,757	27,757	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	N/A	(24,367)	-	43,927	-	19,560	19,560	
Total U.S. Department of Justice				<u>(235,489)</u>	<u>-</u>	<u>382,522</u>	<u>197,567</u>	<u>344,600</u>	<u>344,600</u>	

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title or Cluster	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Revenues						Expenditures
				(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
U.S. Department of Labor										
WIA Cluster										
WIA Adult Program	17.258	Kenosha Co	N/A	\$ (127,318)	\$ -	\$ 485,631	\$ 64,555	\$ 422,868	\$ 422,868	
WIA Adult Program	17.258	WI DWD	N/A	-	-	10,343	8,593	18,936	18,936	
WIA Youth Activities	17.259	Kenosha Co	N/A	(79,515)	-	466,505	96,102	483,092	483,092	
WIA Youth Activities	17.259	WI DWD	N/A	-	-	11,875	9,866	21,741	21,741	
WIA Dislocated Workers	17.260	Kenosha Co	N/A	(166,460)	652	648,681	99,636	582,509	582,509	
WIA Dislocated Workers	17.278	WI DWD	N/A	-	-	16,089	13,367	29,456	29,456	
Total WIA Cluster				<u>(373,293)</u>	<u>652</u>	<u>1,639,124</u>	<u>292,119</u>	<u>1,558,602</u>	<u>1,558,602</u>	
Total U.S. Department of Labor				<u>(373,293)</u>	<u>652</u>	<u>1,639,124</u>	<u>292,119</u>	<u>1,558,602</u>	<u>1,558,602</u>	
U.S. Department of Transportation										
Highway Planning & Construction	20.205	WI DOT	N/A	(877)	-	-	877	-	-	
Highway Safety Cluster										
State and Community Highway Safety	20.600	WI DOT	N/A	(2,183)	-	124,393	9,976	132,186	132,186	
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	WI DOT	N/A	(10,536)	-	18,528	25,465	33,457	33,457	
Occupant Protection Incentive Grant	20.602	WI DOT	N/A	(2,146)	-	31,027	10,079	38,960	38,960	
State Traffic Safety Information System Improvement Grants	20.610	WI DOT	N/A	-	-	-	27,625	27,625	27,625	
Total Highway Safety Cluster				<u>(14,865)</u>	<u>-</u>	<u>173,948</u>	<u>73,145</u>	<u>232,228</u>	<u>232,228</u>	
Total U.S. Department of Transportation				<u>(15,742)</u>	<u>-</u>	<u>173,948</u>	<u>74,022</u>	<u>232,228</u>	<u>232,228</u>	
U.S. Department of Education										
Fund for the Improvement of Postsecondary Education	84.116	N/A	N/A	(15,876)	-	64,323	22,217	70,664	70,664	
Special Education - Grants for Infants and Families	84.181	WI DHS	N/A	-	-	366,049	-	366,049	366,049	
Total U.S. Department of Education				<u>(15,876)</u>	<u>-</u>	<u>430,372</u>	<u>22,217</u>	<u>436,713</u>	<u>436,713</u>	
U. S. Department of Health and Human Services										
Title III, Part F - Preventive Health	93.043	WI DHS	N/A	(2,105)	1	12,558	941	11,395	11,395	
Aging Cluster										
Title III, Part B - Grants for Supportive Services	93.044	WI DHS	N/A	(42,888)	-	177,691	33,384	168,187	168,187	
Title III, Part C - Nutrition Services	93.045	WI DHS	N/A	(30,183)	-	262,611	3,858	236,286	236,286	
Nutrition Services Incentive Program	93.053	WI DHS	N/A	-	-	65,457	1	65,458	65,458	
Total Aging Cluster				<u>(73,071)</u>	<u>-</u>	<u>505,759</u>	<u>37,243</u>	<u>469,931</u>	<u>469,931</u>	

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title or Cluster	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Revenues						Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
U. S. Department of Health and Human Services (cont.)											
Title III, Part E - National Family Caregiver Support	93.052	WI DHS	N/A	\$ (27,734)	\$ -	\$ 99,553	\$ 8,029	\$ 79,848	\$ 79,848	\$ 79,848	
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	Kenosha Co	N/A	(21,318)	-	10,010	68,820	57,512	57,512	57,512	
Substance Abuse and Mental Health Services - Access to Recovery	93.276	N/A	N/A	(14,725)	-	44,324	10,157	39,756	39,756	39,756	
Home Visiting Program	93.505	WI DCF	N/A	(98,572)	(4,118)	374,181	139,827	411,318	411,318	411,318	
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	WI DHS	N/A	(2,264)	-	8,922	-	6,658	6,658	6,658	
Promoting Safe and Stable Families	93.556	WI DCF	N/A	-	-	72,100	-	72,100	72,100	72,100	
Block Grants for Temporary Assistance for Needy Families	93.558	Kenosha Co	N/A	-	-	16,780	4,339	21,119	21,119	21,119	
Block Grants for Temporary Assistance for Needy Families	93.558	WI DHS	N/A	(17,747)	(4,493)	354,204	53,029	384,993	384,993	384,993	
Block Grants for Temporary Assistance for Needy Families	93.558	WI DCF	N/A	(155,349)	(162,895)	1,694,596	207,024	1,583,376	1,583,376	1,583,376	
Subtotal 93.558				(173,096)	(167,388)	2,065,580	264,392	1,989,488	1,989,488	1,989,488	
Child Support Enforcement	93.563	WI DCF	N/A	(645,195)	(46)	2,474,684	635,924	2,465,367	2,465,367	2,465,367	
Low Income Home Energy Assistance Block Grant	93.568	WI DOA	N/A	(88,723)	(18,088)	293,979	23,394	210,562	210,562	210,562	
Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596	WI DCF	N/A	(1,579)	(82,221)	814,772	72,151	803,123	803,123	803,123	
Chafee Education and Training Vouchers Program	93.599	WI DCF	N/A	(12)	-	425	-	413	413	413	
Stephanie Tubbs Jones child Welfare Services Program	93.645	WI DOC	N/A	-	(6,793)	41,215	(4,103)	30,319	30,319	30,319	
Foster Care - Title IV-E	93.658	WI DOC	N/A	732	(10,567)	64,110	(7,113)	47,162	47,162	47,162	
Foster Care - Title IV-E	93.658	WI DCF	N/A	(91,214)	-	126,218	44,596	79,600	79,600	79,600	
Subtotal 93.658				(90,482)	(10,567)	190,328	37,483	126,762	126,762	126,762	
Social Services Block Grant	93.667	WI DHS	N/A	(380)	(9,223)	694,650	77,034	762,081	762,081	762,081	
Chafee Foster Care Independence Program	93.674	WI DCF	N/A	(7,180)	-	29,104	22,684	44,608	44,608	44,608	
Children's Health Insurance Program	93.767	Kenosha Co	N/A	-	-	97,161	25,124	122,285	122,285	122,285	
Children's Health Insurance Program	93.767	WI DHS	N/A	(15,740)	-	20,890	(5,150)	-	-	-	
Subtotal 93.767				(15,740)	-	118,051	19,974	122,285	122,285	122,285	
Medical Assistance Program	93.778	WI DHS	N/A	(288,168)	(2,832)	1,030,469	320,978	1,060,447	1,060,447	1,060,447	
Medical Assistance Program - CLTS	93.778	WI DHS	N/A	-	-	1,125,454	-	1,125,454	1,125,454	1,125,454	
Medical Assistance Program - WIMCR	93.778	WI DHS	N/A	-	-	226,915	-	226,915	226,915	226,915	
Medical Assistance Program	93.778	Kenosha Co	N/A	-	-	720,044	186,189	906,233	906,233	906,233	
Medical Assistance Program	93.778	Dane Co	N/A	(10,363)	-	12,212	7,106	8,955	8,955	8,955	
Subtotal 93.778				(298,531)	(2,832)	3,115,094	514,273	3,328,004	3,328,004	3,328,004	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	WI DHS	N/A	(2446)	-	11,541	-	9,095	9,095	9,095	
Block Grants for Community Mental Health Services	93.958	WI DHS	N/A	(66,366)	-	235,565	-	169,199	169,199	169,199	

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title or Cluster	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Revenues					Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
U. S. Department of Health and Human Services (cont.)										
Block Grants for Prevention and Treatment of Substance Abuse	93.959	WI DHS	N/A	\$ (795)	\$ -	\$ 544,167	\$ 120,488	\$ 663,860	\$ 663,860	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	WI DCF	N/A	-	-	98,422	31,801	130,223	130,223	
Subtotal 93.959				<u>(795)</u>	<u>-</u>	<u>642,589</u>	<u>152,289</u>	<u>794,083</u>	<u>794,083</u>	
Total U.S. Department of Health and Human Services				<u>(1,630,314)</u>	<u>(301,275)</u>	<u>11,854,984</u>	<u>2,080,512</u>	<u>12,003,907</u>	<u>12,003,907</u>	
U.S. Department of Homeland Security										
Emergency Management Performance Grant	97.042	WI DMA	N/A	(68,253)	(1,043)	86,640	60,970	78,314	78,314	
Homeland Security Grant Program	97.067	WI DOA OJA	N/A	(93,627)	1,498	155,304	70,544	133,719	133,719	
Total U.S. Department of Transportation				<u>(161,880)</u>	<u>455</u>	<u>241,944</u>	<u>131,514</u>	<u>212,033</u>	<u>212,033</u>	
TOTAL FEDERAL PROGRAMS				<u>\$ (2,594,831)</u>	<u>\$ (300,168)</u>	<u>\$ 17,248,410</u>	<u>\$ 2,977,014</u>	<u>\$ 17,330,425</u>	<u>\$ 17,330,425</u>	

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title	State ID Number	(Accrued) Deferred Beginning Balance	Adjustments	Revenues			Expenditures
				Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS							
Wisconsin Department of Agriculture, Trade and Consumer Protection							
County Staff and Support	115.150	\$ (36,389)	\$ -	\$ 123,178	\$ 26,591	\$ 113,380	\$ 113,380
Land and Water Resource Management	115.400	(27,728)	-	57,063	40,663	69,998	69,998
Private Onsite Wastewater Treatment	165.002	-	-	13,379	-	13,379	13,379
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		(64,117)	-	193,620	67,254	196,757	196,757
Wisconsin Department of Natural Resources							
Local Park Aids - Stewardship	370.421	(42,006)	-	42,006	-	-	-
Boating Enforcement Patrol	370.512	-	-	468,720	(468,720)	-	-
Water Safety Aid	370.550	(41,700)	-	41,700	31,132	31,132	31,132
Wildlife Damage Claim & Abatement	370.553	(1,009)	-	1,009	796	796	796
Recreation Boating Facilities	370.573	(420,352)	-	420,352	840,600	840,600	840,600
Snowmobile Trail Areas	370.575	-	-	38,346	-	38,346	38,346
Total Wisconsin Department of Natural Resources		(505,067)	-	1,012,133	403,808	910,874	910,874
Wisconsin Department of Transportation							
Rural Safety Belt Grant Program	395.568	(34,872)	-	89,632	17,801	72,561	72,561
Elderly and Handicapped County Aids	395.101	(48,415)	-	549,573	33,440	534,598	534,598
Total Wisconsin Department of Transportation		(83,287)	-	639,205	51,241	607,159	607,159
Wisconsin Department of Corrections							
Windows to Work	410.120	(13,906)	-	81,163	26,653	93,910	93,910
State Probation & Parole Offenders	410.116	-	-	246,970	-	246,970	246,970
Community Intervention Program	410.302	(48,791)	-	158,623	44,572	154,404	154,404
Youth Aids	410.313	(731)	(737,392)	4,473,997	(444,620)	3,291,254	3,291,254
Total Wisconsin Department of Corrections		(63,428)	(737,392)	4,960,753	(373,395)	3,786,538	3,786,538
Wisconsin Department of Health Services							
Funeral/Cemetery W-2 & Non W-2	435.105	(59,825)	(1,792)	61,422	-	(195)	(195)
Infant Mortality	435.110	-	-	15,943	66,061	82,004	82,004
Medicaid Transportation	435.131	1,181	(1,181)	-	-	-	-
FSET Admin GPR/Fed Base	435.231	-	-	73,337	-	73,337	73,337
FSET 50/50	435.232	(6,195)	(1)	6,758	5,315	5,877	5,877
FSET Admin GPR/Fed Base	435.233	(1,384)	-	24,034	-	22,650	22,650
FSET Retent GPR/Fed Base	435.235	(107)	-	509	(113)	289	289
IMAA State Share	435.283	(1,890)	-	683,039	(246)	680,903	680,903
Adult Protective Services	435.312	(27,637)	-	109,610	132,517	214,490	214,490
Community Options Program	435.367	-	-	865,525	13,291	878,816	878,816
Alzheimer's Family Support	435.381	(7,361)	-	71,685	315	64,639	64,639
CLTS DD Non-federal	435.450	41,701	-	(39,684)	-	2,017	2,017
CLTS MH Non Federal	435.451	36,935	-	(36,935)	-	-	-

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title	State ID Number	(Accrued) Deferred Beginning Balance	Adjustments	Revenues			Expenditures
				Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
Wisconsin Department of Health Services (cont.)							
CLTS Non Federal Other	435.460	\$ 25,763	\$ -	\$ (25,763)	\$ -	\$ -	\$ -
CLTS MH Non Fed Other	435.461	5,692	-	(5,692)	-	-	-
CLTS PD Non Fed Other	435.462	11,038	-	(11,038)	-	-	-
Certified Mental Health Program	435.517	(9,263)	-	80,011	27,708	98,456	98,456
Integrated Services to Children	435.530	-	-	10,095	-	10,095	10,095
Non-Resident Reimbursement	435.531	(11,090)	-	11,090	21,991	21,991	21,991
Birth to Three Initiative	435.550	-	-	53,780	-	53,780	53,780
Basic County Allocation	435.561	(264,043)	197,943	5,156,755	572,003	5,662,658	5,662,658
Family Support	435.577	510	(2)	168,420	(1,688)	167,240	167,240
FPI NON-FED	435.600	(15,232)	-	58,208	683	43,659	43,659
State/County Match	435.681	(321,034)	5,961	498,618	455,168	638,713	638,713
TPA CLTS DD Autism GPR	435.802	-	-	389,326	-	389,326	389,326
TPA CLTS DD Other GPR	435.805	-	-	122,943	-	122,943	122,943
TPA CLTS MH Autism GPR	435.808	-	-	200,073	-	200,073	200,073
TPA CLTS MH Other GPR	435.811	-	-	16,890	-	16,890	16,890
TPA CLTS PD Other GPR	435.817	-	-	29,236	-	29,236	29,236
CLTS DD AUT CWA ADMIN GPR	435.832	-	-	19,023	861	19,884	19,884
CLTS DD OTH CWA ADMIN GPR	435.835	-	-	5,792	2,786	8,578	8,578
CLTS MH AUT CWA ADMIN GPR	435.838	-	-	10,331	249	10,580	10,580
CLTS MH OTH CWA ADMIN GPR	435.841	-	-	999	230	1,229	1,229
CLTS MH OTH CWA ADMIN GPR	435.847	-	-	1,854	194	2,048	2,048
Regional Crisis Grants	435.81075	(992)	-	16,031	-	15,039	15,039
Aging & Dis Resource Ctr	435.560010	(37,316)	7	1,214,857	43,331	1,220,879	1,220,879
Aging Benefit Specialist	435.560327	(13,707)	1,039	41,832	4,274	33,438	33,438
Senior Community Svs Prog	435.560330	(6,130)	2	22,713	7,515	24,100	24,100
Title 3C-1 Cong Meal Prog	435.560350	(50,959)	-	262,836	6,195	218,072	218,072
Title 3C-2 Home Meals	435.560360	(9)	-	13,916	9	13,916	13,916
Elder Abuse Service	435.560490	-	-	65,013	-	65,013	65,013
Total Wisconsin Department of Health Services		<u>(711,354)</u>	<u>201,976</u>	<u>10,263,392</u>	<u>1,358,649</u>	<u>11,112,663</u>	<u>11,112,663</u>
Wisconsin Department of Children and Families							
County Allocated Shared - W-2 Work Experience	437.215	(79,095)	(162,895)	771,701	24,051	553,762	553,762
W-2 Jobs Access Loans	437.223	-	-	(21)	-	(21)	(21)
Children First	437.265	(62,344)	2,555	265,723	644	206,578	206,578
AW DOJ Fingerprint Backgr	437.3324	(426)	-	2,551	464	2,589	2,589
Basic County Allocation	437.3561	-	-	2,937,090	-	2,937,090	2,937,090
Brighter Future Initiative	437.3540	-	-	115,725	37,392	153,117	153,117
F State/ County match	437.3681	-	-	236,961	-	236,961	236,961
CS State GPR/PR Funding Allocation	437.7502	(2,319)	(3)	289,390	-	287,068	287,068
Total Wisconsin Department of Children and Families		<u>(144,184)</u>	<u>(160,343)</u>	<u>4,619,120</u>	<u>62,551</u>	<u>4,377,144</u>	<u>4,377,144</u>
Wisconsin Department of Workforce Development							
W3 Weekly Stipend	445.119	-	-	2,171	1,804	3,975	3,975
Total Wisconsin Department of Workforce Development		<u>-</u>	<u>-</u>	<u>2,171</u>	<u>1,804</u>	<u>3,975</u>	<u>3,975</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title	State ID Number	(Accrued) Deferred Beginning Balance	Adjustments	Revenues			Expenditures
				Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
Wisconsin Department of Justice							
Victim Witness	455.532	\$ (91,004)	\$ -	\$ 162,349	\$ 86,672	\$ 158,017	\$ 158,017
Total Wisconsin Department of Justice		<u>(91,004)</u>	<u>-</u>	<u>162,349</u>	<u>86,672</u>	<u>158,017</u>	<u>158,017</u>
Wisconsin Department of Military Affairs							
Emergency Planning Grant	465.337	(25,082)	-	33,698	25,372	33,988	33,988
Total Wisconsin Department of Military Affairs		<u>(25,082)</u>	<u>-</u>	<u>33,698</u>	<u>25,372</u>	<u>33,988</u>	<u>33,988</u>
Wisconsin Department of Administration							
County Veterans Service Officer	485.37	-	-	13,000	-	13,000	13,000
WLIP Training	505.118	-	-	300	-	300	300
Public Benefit	505.371	(48,649)	(19,019)	301,275	12,963	246,570	246,570
State Task Force Operation	505.630	-	-	26,303	-	26,303	26,303
Total Wisconsin Department of Administration		<u>(48,649)</u>	<u>(19,019)</u>	<u>340,878</u>	<u>12,963</u>	<u>286,173</u>	<u>286,173</u>
TOTAL STATE PROGRAMS		<u>\$ (1,736,172)</u>	<u>\$ (714,778)</u>	<u>\$ 22,211,376</u>	<u>\$ 1,630,858</u>	<u>\$ 21,391,284</u>	<u>\$ 21,391,284</u>

COUNTY OF RACINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the County of Racine under programs of the federal and state government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the County of Racine, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of Racine.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

NOTE 3 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the June 1, 2013 Community Aids Reporting System (CARS) reports and the December 31, 2012 CORE report.

COUNTY OF RACINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

NOTE 4 – PASS-THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DPI – Wisconsin Department of Public Instruction
WI DHS – Wisconsin Department of Human Services
Kenosha Co – Kenosha County, Wisconsin
Dane Co – Dane County, Wisconsin
WI DOA – Wisconsin Department of Administration
WEDC – Wisconsin Economic Development Corporation
WI DOJ – Wisconsin Department of Justice
Walworth Co – Walworth County, Wisconsin
City of Racine – City of Racine, Wisconsin
WI DOA-OJA – Wisconsin Department of Administration-Office of Justice Assistance
WI DWD – Wisconsin Department of Workforce Development
WI DOT – Wisconsin Department of Transportation
WI DCF – Wisconsin Department of Children and Families
WI DOC – Wisconsin Department of Corrections
WI DMA – Wisconsin Department of Military Affairs

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- > Material weakness(es) identified? yes no
- > Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted?

yes no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- > Material weakness(es) identified? yes no
- > Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

yes no

 Federal Programs State Programs

Auditee qualified as low-risk auditee?

yes no yes no

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

14.228	Community Development Block Grant/State's Program
93.558	Block Grants for Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.667	Social Services Block Grant
93.778	Medical Assistance Program

 Federal State DHS State Other

Dollar threshold used to distinguish between type A and type B programs:

\$519,913 \$333,380 \$100,000

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

<u>State ID Numbers</u>	<u>Name of State Program</u>
395.101	Elderly and Handicapped County Aids
410.116	State Probation & Parole Offenders
435.367	Community Options Program
435.450	CLTS DD Non-federal
435.561	Basic County Allocation
435.681	State/County Match
435.802	TPA CLTS DD Autism GPR
435.805	TPA CLTS DD Other GPR
435.808	TPA CLTS MH Autism GPR
435.811	TPA CLTS MH Other GPR
435.817	TPA CLTS PD Other GPR
435.832	CLTS DD AUT CWA ADMIN GPR
435.835	CLTS DD OTH CWA ADMIN GPR
435.838	CLTS MH AUT CWA ADMIN GPR
435.841	CLTS MH OTH CWA ADMIN GPR
435.847	CLTS MH OTH CWA ADMIN GPR
435.283	IMAA State Share
435.560010	Aging and Disability Resource Center
437.215	County Allocated Shared – W-2 Work Experience
437.265	Children First

The following federal programs were tested as major programs according to the requirements of the *State Single Audit Guidelines*:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.778	Case Management
93.778	Wisconsin Medicaid Cost Recovery - WIMCR

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FINDING 2012-1: INTERNAL CONTROL ENVIRONMENT

Criteria: Statement on Auditing Standards (SAS) 115 requires auditors to communicate circumstances that were evaluated to be significant deficiencies or material weaknesses in the county's structure of internal control.

Condition: During the financial audit, audit procedures and inquiries were performed to evaluate the effectiveness of controls over various transaction cycles. As a result of these procedures, the following areas were identified where your controls over transactions could be improved:

- > Persons preparing the payroll are not independent of other personnel duties.
- > Adjusting entries and supporting documentation are not reviewed and approved by an appropriate person who is not the original preparer.
- > Controls should be in place to ensure that only appropriate personnel are able to make changes to the productions systems.
- > The county should enforce unique logins and passwords for all financially impacted applications. Default system accounts should be deactivated or disabled.

Cause: The county has not established these controls due to limited resources.

Effect: Errors or irregularities could occur as part of these financial processes that may not be discovered by county staff.

Recommendation: We recommend a designated person in the county review these potential controls and make a suggestion on the county's ability and cost (including time) to implement some or all of them.

Management's Response: The County has implemented new procedures and controls to address some of these findings. The staff member preparing the payroll is now independent of other personnel duties and adjusting entries are reviewed and approved by an appropriate person who is not the original preparer. The other areas noted are being reviewed for possible changes within budgetary and staffing constraints of the County.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2012-2

Program State ID Numbers and Titles: 437.265 Children First
435.561/681 Basic County Allocation
437.215 W-2
435.283 Income Maintenance
435.560010 ADRC

State Grantors: Wisconsin Department of Children and Families
Wisconsin Department of Health Services

Criteria: The A-102 Common Rule and Code of Federal Regulations require that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the appropriate review and approval of disbursements to ensure they are allowable under the program. The *State Single Audit Guidelines* mirror the federal requirements when applied to state grant programs.

Condition/Context: For each major program, we selected a representative sample of expenditures based on sample size guidance and the related populations of expenditures. For each of the programs listed above, we identified certain expenditures that were charged to the program, but did not have evidence of review and approval by appropriate personnel. The majority of the unapproved expenditures were made via journal entry where there was not an approver separate from the preparer.

Cause: Unknown

Effect: A lack of controls over expenditure approval may increase the likelihood of unallowable costs charged to grant programs.

Questioned Costs: None

Recommendation: We recommend the county determine cost-effective ways to ensure that all expenditures charged to grant programs via journal entry contain evidence that the expenditure was reviewed and approved by someone other than the original preparer of the journal entry.

Management's Response: The County has implemented new procedures and controls to document appropriate review and approval of all journal entries. Reviews and approvals were previously occurring; however, they were not consistently documented.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2012-3

Program State ID Number and Title: N/A General Requirements

State Grantor: Wisconsin Department of Children and Families

Criteria: The DCF general requirements found in the *State Single Audit Guidelines* state that random moment sampling (RMS) responses should be verified by auditors to see if the responses appear reasonable for the circumstances.

Condition/Context: Out of the forty (40) responses tested, we found that two items selected for testing were not evidenced by supporting documentation for the date and time of the response.

Cause: Unknown

Effect: Errors in RMS responses could result in inaccurate distribution of expenditures to programs for financial reporting to the state.

Questioned Costs: None

Recommendation: We recommend the county review its procedures and communications regarding RMS responses to identify the source and mitigate the occurrence of reporting errors.

Management's Response: The Wisconsin's Kenosha Racine Partnership (WKRP) Consortia and Racine County Economic Support Division are working in collaboration with the Department of Health Services to assure that staff are properly trained on RMS codes. RMS coding has been added to the Income Maintenance New Worker Training Curriculum. Special trainings have been completed and will be given as refreshers to current staff. In addition, the Division Manager of the Economic Support Division receives a monthly report from DHS and then reviews the RMS responses and the State Area Administrator informs her of any discrepancies or focus areas for additional training.

FINDING 2012-4

Program State ID Number and Title: 93.778 Medical Assistance - WIMCR

Federal Grantor: U.S. Department of Health and Human Services

Pass-Through Agency: Wisconsin Department of Health Services

Criteria: The A-102 Common Rule and Code of Federal Regulations require that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the appropriate review and approval of reports submitted to the state to ensure they are accurate. The *State Single Audit Guidelines* mirror the federal requirements when applied to state grant programs.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2012-4 (cont.)

Condition/Context: Three annual reports were tested for review and approval by someone other than the original preparer. There was no evidence that the annual reports were reviewed and approved by a responsible party other than the original preparer.

Cause: The county did not have a process in place to retain documentation of any review that may have occurred.

Effect: Annual reports could be filed which are not appropriate or accurate. We noted a variety of changes that were made to the submitted reports after the state's WIMCR coordinator reviewed them.

Questioned Costs: None

Recommendation: We recommend the county determine cost-effective ways to ensure that all reports submitted to grantor agencies contain evidence that the reports were reviewed and approved by someone other than the original preparer.

Management's Response: The reports were appropriately reviewed and approved; however documentation of such was not maintained. The county will continue its review and approval processes and will document this process on reports themselves.

FINDING 2012-5

Program State ID Number and Title: 437.215 W-2

State Grantor: Wisconsin Department of Children and Families

Criteria: The W-2 manual provides specific guidelines for determining if an individual is eligible for the W-2 program. The caseworker must verify the applicant's identity, age, Wisconsin residency, U.S. citizenship or qualifying non-citizen status, marital status, custody of children, social security number, earned income, unearned income, savings accounts, checking accounts, insurance policies, trust funds, other savings or investments, real estate, vehicles, and school enrollment when the individual applies. On a biannual basis, the county must verify income, residency, vehicles, other assets, and custody of children.

Condition/Context: Out of 40 individuals selected, there were several exceptions noted during testing. One of the individuals listed a personal bank account, however, there is no evidence that the bank account information was verified. Another individual file had case notes indicating the participant had a vehicle, however official documentation was not found in the file. One participant did not have a six month review by the given six month deadline. An individual had a home visit during 2012, however the most recent documentation did not include appropriate residency verification.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2012-5 (cont.)

Cause: In the case of the vehicle, the individual could not provide any official documentation indicating ownership of the vehicle. In the case of the bank accounts, the eligibility worker indicated that the bank accounts could not be verified but did not indicate in their case notes the reason why. In the case of residency, a home visit was conducted but any documentation reflecting the address of the participant was not found. Finally, the six month review was not completed within the appropriate amount of time.

Effect: The individual could have a change in income, residency, vehicles, other assets, or custody of children that could impact their W-2 eligibility status.

Questioned Costs: Unable to determine

Recommendation: We recommend the county review eligibility documentation procedures with program caseworkers to ensure the files contain all the necessary information.

Management's Response: Racine County no longer administers the W2 program; however, similar verifications are required for other income maintenance programs and preventative measures would need to be taken for all programs of administration. The Department of Health Services has implemented a new Asset Verification System (AVS) that Economic Support Specialists are able to use to verify many assets; including bank accounts, stocks, bonds, and annuities. In addition, Racine County has a signed agreement with the Department of Transportation to receive automated responses on vehicle registration and drivers records. Finally, Racine County uses an Error Prone Profile review on cases where the expenses do not match income in order to further investigate whether what is being reported is consistent with the individual's actual assets or income. When discrepancies exist, they are referred to our Fraud Unit for investigation.

FINDING 2012-6

Program CFDA Number and Title: 14.228 Community Development Block Grant/State's Program

Federal Grantor: U.S. Department of Housing and Urban Development

Pass-Through Agency: Wisconsin Economic Development Corporation

Criteria: OMB Common Rule A-102 requires that Federal agencies, or their subgrantees, shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies, or subgrantees, shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement Programs to assure that they do not award assistance to listed parties in violation of the Executive Order.

Condition/Context: Payments made to three different entities were tested and there was no evidence that any of these entities had been compared to the List of Parties Excluded from Federal Procurement or Nonprocurement Programs.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2012-6 (cont.)

Questioned Costs: None.

Cause: The County did not document the use of List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

Effect: The county could have made payments to an entity that was suspended or debarred.

Recommendation: We recommend that the county establish procedures to document the use of List of Parties Excluded from the Federal Procurement and Nonprocurement Programs to ensure that they do not award assistance to listed parties. We also recommend that management should periodically review contracting files to ensure compliance with policies and Federal requirements.

Management's Response: The County contracted with Racine County Economic Development Corporation (RCEDC) to administer two of the CDBG grant programs. Although Racine County internally verifies that vendors are not on the debarred list, documentation was not maintained to substantiate the procedure. Additionally, Racine County did not receive documentation from RCEDC to verify their review of the debarred listing. The County will establish procedures to receive documentation from RCEDC and to keep documentation of internal verifications of the List of Parties Excluded from Federal Procurement or Nonprocurement Programs.

FINDING 2012-7:

Program State ID Number and Title: 410.116 State Probation and Parole Offenders
State Grantor: Wisconsin Department of Corrections

Criteria: The Department of Corrections reimburses the county for certain offenders held in the county jail based on the number of days computed and submitted by the county. To ensure the accuracy of the requests submitted, there should be an independent review and approval of the number of days computed.

Condition/Context: The amount of reimbursement computed by the county was understated by 133 days.

Questioned Costs: None

Cause: The formulas used in the reimbursement detail were not computing the proper amounts.

Effect: The amount of reimbursement was incorrectly computed and understated.

Recommendation: We recommend the county implement a more formal review of the reimbursement requests to ensure the amount computed is accurate and properly computed.

Management's Response: Racine County has established a procedure to review the final report prior to submission.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

SECTION IV - OTHER ISSUES

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?
yes no

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:

- List of departments with 'yes' or 'no' checkboxes: Department of Health Services, Department of Children and Families, Department of Corrections, Department of Agriculture, Trade and Consumer Protection, Department of Workforce Development, Department of Justice, Department of Military Affairs, Department of Transportation, Department of Administration, Department of Natural Resources, Department of Public Instruction.

Was a Management Letter or other document conveying audit comments issued as a result of this audit?
yes no

Name and signature of partner: Thomas A. Scheidegger, CPA, Partner

Date of report: September 30, 2013