

CHEROKEE COUNTY, GEORGIA

**REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS IN ACCORDANCE
WITH THE SINGLE AUDIT ACT AND
*GOVERNMENT AUDITING STANDARDS***

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

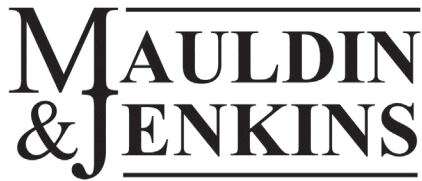
CHEROKEE COUNTY, GEORGIA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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**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**

**Board of Commissioners
of Cherokee County, Georgia
Canton, Georgia**

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cherokee County, Georgia (the County) as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2016. Our report includes a reference to other auditors who audited the financial statements of the Sequoyah Regional Library and Cherokee County Department of Public Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting on compliance and other matters that are reported on separately by those other auditors. Our report also includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, as of October 1, 2014.

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) 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'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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003 that we consider to be material weaknesses.

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 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*.

The 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 result 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 28, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

**Board of Commissioners
of Cherokee County, Georgia
Canton, Georgia**

Report on Compliance for Each Major Federal Program

We have audited Cherokee County, Georgia's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the fiscal year ended September 30, 2015. 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.

Cherokee County, Georgia's basic financial statements include the operations of the Cherokee County Department of Public Health, which received \$5,524,873 in federal awards which is not included in the schedule during the fiscal year ended September 30, 2015. Our audit, described below, did not include the operations of the Cherokee County Department of Public Health because the component unit engaged other auditors to perform an audit in accordance with Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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 fiscal year ended September 30, 2015.

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 and which is described in the accompanying schedule of findings and questioned costs as items 2015-004 and 2015-005. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the County 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We 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 2015-004 and 2015-005, which we consider to be significant deficiencies.

The County's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Cherokee County, Georgia as of and for the year ended September 30, 2015, and have issued our report thereon dated March 28, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 28, 2016

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Contract or Project Number | Total Expenditures |
|---|------------------------|-------------------------------|-----------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Community Development Block Grant | 14.218 | B-11-UC-13-0006 | \$ 35,326 |
| Community Development Block Grant | 14.218 | B-12-UC-13-0006 | 88,739 |
| Community Development Block Grant | 14.218 | B-13-UC-13-0006 | 196,155 |
| Community Development Block Grant | 14.218 | B-14-UC-13-0006 | 575,854 |
| Community Development Block Grant | 14.218 | B-15-UC-13-0006 | 102,432 |
| | | | 998,506 |
| Passed through Georgia Urban County Consortium | | | |
| Home Investment Partnership [HOME] | 14.239 | HM11-5200 | 121,942 |
| Total U.S. Department of Housing and Urban Development | | | 1,120,448 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Passed through Children Justice Coordinating Council | | | |
| Violence Against Women Grant | 16.588 | W14-8-010 | 50,573 |
| Violence Against Women Grant | 16.588 | W13-8-043 | 16,993 |
| | | | 67,566 |
| Adult Drug Court Discretionary Grant | 16.585 | 2012-DC-BX-0040 | 110,471 |
| Passed through Children Justice Coordinating Council | | | |
| Residential Substance Abuse Treatment for State Prisoners | 16.593 | A15-8-005 | 25,805 |
| Residential Substance Abuse Treatment for State Prisoners | 16.593 | A16-8-004 | 24,572 |
| Residential Substance Abuse Treatment for State Prisoners | 16.593 | A16-8-005 | 5,118 |
| | | | 55,495 |
| Equitable Sharing Program | 16.922 | GA0281000 | 215,177 |
| Passed through Criminal Justice Coordinating Council | | | |
| Victims of Crime Act Formula Grant | 16.575 | C13-8-048 | 1,290 |
| Victims of Crime Act Formula Grant | 16.575 | C13-8-102 | 123,167 |
| | | | 124,457 |
| SCAAP - Alien Prisoner program | 16.606 | 2014-HI352-GA | 27,869 |
| Passed through Governor's Office of Children & Families | | | |
| Juvenile Accountability Block Grant | 16.523 | N12-8-003 | 17,443 |
| Juvenile Accountability Block Grant | 16.523 | JJ-15-017 | 72,000 |
| | | | 89,443 |
| Juvenile Reinvestment Grant | 16.540 | JBR-10-01-003 | 16,049 |
| Total U.S. Department of Justice | | | \$ 706,527 |
| (continued) | | | |

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Contract or Project Number | Total Expenditures |
|--|------------------------|-------------------------------|----------------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through Georgia Emergency Management Agency | | | |
| Emergency Performance Management Grant | 97.042 | OEM13-028 | \$ 56,851 |
| Emergency Performance Management Grant | 97.042 | OEM15-028 | 7,498 |
| | | | <u>64,349</u> |
| Hazard Mitigation Planning Grant | 97.067 | HPD14-012 | <u>13,800</u> |
| Total U.S. Department of Homeland Security | | | <u><u>78,149</u></u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through Atlanta Regional Commission | | | |
| Aging Services | 93.044 | AG1500 | 325,843 |
| Aging Services | 93.044 | AG1600 | 88,892 |
| | | | <u>414,735</u> |
| Passed through Georgia Department of Human Resources | | | |
| Family Connection - FOCUS | 93.605 | 42700-93-151500024 | 33,750 |
| Family Connection - FOCUS | 93.605 | 42700-93-161600024 | 11,250 |
| | | | <u>45,000</u> |
| Total U.S. Department of Health and Human Services | | | <u><u>459,735</u></u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Passed through Georgia Department of Human Resources | | | |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 20.513 | 42700-362-23378 / 32692 | 154,661 |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 20.513 | 42700-362-23378 / 44540 | 52,814 |
| | | | <u>207,475</u> |
| Passed through Georgia Department of Transportation | | | |
| Formula Grants for Other Than Urbanized Areas | 20.509 | T005330 | 198,576 |
| Formula Grants for Other Than Urbanized Areas | 20.509 | T005560 | 50,810 |
| | | | <u>249,386</u> |
| Federal Transit - Formula Grant | 20.507 | GA90-X266 | 831 |
| Federal Transit - Formula Grant | 20.507 | GA90-X308 | 57,397 |
| | | | <u>58,228</u> |
| Total U.S. Department of Transportation | | | <u><u>515,089</u></u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 2,879,948</u></u> |

CHEROKEE COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cherokee County, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

During 2015, disbursements were made to sub-recipients of the following grant programs:

| Program | CFDA Number | Sub-recipient | Amount |
|--|-------------|---------------------------------|-------------------|
| Community Development Block Grant (CDBG) | 14.218 | Boys and Girls Club | \$ 74,723 |
| Community Development Block Grant (CDBG) | 14.218 | Bethesda Community Clinic | 174,975 |
| Community Development Block Grant (CDBG) | 14.218 | Cherokee Family Violence Center | 39,172 |
| Community Development Block Grant (CDBG) | 14.218 | ACCC | 15,155 |
| Community Development Block Grant (CDBG) | 14.218 | CASA Cherokee | 350,000 |
| Community Development Block Grant (CDBG) | 14.218 | Goshen Valley Boys Ranch | 32,775 |
| Community Development Block Grant (CDBG) | 14.218 | Habitat for Humanity | 36,000 |
| Community Development Block Grant (CDBG) | 14.218 | City of Holly Springs | 35,326 |
| Community Development Block Grant (CDBG) | 14.218 | City of Ball Ground | 88,739 |
| | Total CDBG | | <u>\$ 846,865</u> |

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

 X yes no

Significant deficiencies identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

 yes X no

Significant deficiencies identified?

 X 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 OMB Circular
A-133, Section 510(a)?

 X yes no

Identification of major program:

CFDA Number

14.218

16.922

93.044

Name of Federal Program or Cluster

Community Development Block Grant

Equitable Sharing Program

Aging Services Grant

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

\$300,000

Auditee qualified as low-risk auditee?

 yes X no

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015-001 Revenues and Related Receivables

Criteria: Internal controls should be in place to ensure amounts that amounts reported as revenues and receivables are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Misstatements were detected in the reporting of the County's revenues and related receivables.

Context/Cause: During our testing of the recognition of the EMS Fund's accrued receivables for services provided prior to September 30, 2015 it was noted the County was not reporting the complete balance of earned revenues for EMS services provided in September 2015. Due to a delay in processing and billing of the services, the charges from the third party billing company were not reported by the County until the 2016 fiscal year. As the services were provided in September, the revenues and related unbilled receivable should be recognized during the fiscal year ended September 30, 2015. An audit adjustment of approximately \$368,000 was required to properly recognize the revenues and related receivables.

Effects: Total net misstatements related to revenue recognition and reporting of the related receivable were approximately \$140,000 for the year ended September 30, 2015.

Recommendation: We recommend the County carefully review all revenues to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that revenues and the related receivables are properly recorded.

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015-002 Expenditures and Related Prepaid Items

Criteria: Generally, expenditures should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles.

Condition: Material misstatements were detected in the reporting of the Cherokee County Development Authority's (the Authority), a component unit of the County, expenditures and related the related asset.

Context/Cause: During our testing of the prepaid items at Cherokee County Development Authority, we noted the Authority was reporting a prepaid item for an escrow deposit made in the prior year, however, the required services were performed during the fiscal year ended September 30, 2015 and the escrow was released by the Authority.

Effects: The Authority was overstating the assets of the Authority and understating the expenditures. A misstatement related to expenditures and related prepaid item recognition was \$150,000 for the year ended September 30, 2015.

Recommendation: We recommend the Authority carefully review all prepaid items to ensure they are reported in the proper reporting period and properly recognized in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that expenditures and the related prepaid items are properly recorded.

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015-003 Capital Asset Reporting

Criteria: Internal controls should be in place to ensure that amounts reported for capital assets and related items are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the Cherokee County Development Authority's and the Development Authority of Cherokee County's (both entities are component units of the County) financial statements as of and for the year ended September 30, 2015 with regard to capital assets.

Context/Cause: During our testing of the activity, it was noted there were several property sales which occurred during the fiscal year ended September 30, 2015; however the disposal of the assets were not properly removed at their historical cost. The Authorities were using a cost per acreage which included properties which were acquired subsequent to year end, as well as duplicated several acquisition prices. The property should be removed from the general ledger based on the historical acquisition cost, including any improvement costs incurred to prepare the property for sale.

Effects: The Cherokee County Development Authority required an adjustment of approximately \$552,000 and the Development Authority of Cherokee County required an adjustment of approximately \$229,000 to properly reflect the decrease in land values and report the gain on the sales. The adjustments increased the total land value remaining for each entity and increased the gain reported from the sales.

Recommendation: We recommend the Authorities carefully review all capital asset disposals to ensure they are reported in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will implement policies and procedures to ensure proper reporting of capital assets.

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2015-004 Reporting

Program: U.S. Department of Housing and Urban Development (CFDA No. 14.218)

CFDA Program Title: Community Development Block Grant

Criteria: The County is required to submit an annual HUD 60002, Section 3 Summary Performance Report to the Department of Housing and Urban Development. This report summarizes the economic opportunities for low and very-low income persons and is required to be submitted to the Department of Housing and Urban Development by the federally extended December 15, 2015 deadline.

Condition: The County was not timely submitting this report to the Department of Housing and Urban Development by December 15, 2015, which is the deadline extended by HUD for submission of performance reports.

Context/Cause: Internal controls were not sufficient to allow for the timely preparation and submission of the report by the deadline, which had been extended to December 15, 2015.

Effects: Based on testing, the reports due date was extended by the grantor until December 15, 2015; however the reports were not completed and reported as of February 2016, and therefore, the County is non-compliant with the reporting requirements as outlined in the grant agreement.

Questioned Costs: None noted.

Recommendation: We recommend the County implement internal controls sufficient to allow for the preparation and timely submission of the annual HUD 60002 Section 3 Performance Report through the electronic submission portal referred to as SPEARS.

Auditee's Response: The SPEARS system was non-operational from 2013 to 2015 and the deadline was extended to December 15, 2015 due to technical issues. When the County attempted to enter information, we continued to experience technical difficulties. The County has documented the necessary procedure for future submittals to coincide with the CAPER submission which is the new deadline for current reporting.

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2015-005 Procurement

Program: U.S. Department of Justice (CFDA No. 16.922)

CFDA Program Title: Equitable Sharing Program

Criteria: Grant requirements state non-federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction that are expected to equal or exceed \$25,000 or meet certain other specified criteria. The 2 CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances.

Condition: The County is required to have the vendors specifically confirm their exclusion from the database for contracts funded by federal programs or the County may elect to check the federally operated *System for Award Management (SAM)* for suspended or debarred vendors. We tested the only vendor which was procured in the 2015 fiscal year and noted the contract did not have proper documentation to confirm the contractor was not suspended or debarred from working with federally funded projects.

Context/Cause: The County did not have adequate controls in place to ensure contracts were not being awarded to a suspended or debarred party. The County was not requiring the contractor to sign certification forms, nor was the County performing a search of the *SAM* website.

Effects: Based on our testing of the *SAM*, this oversight did not cause the County to contract with a suspended or debarred party. However, as a contract could have been awarded to a suspended or debarred party, the County is non-compliant with this portion of the overall procurement requirements as outlined in OMB A-133.

Questioned Costs: None noted.

Recommendation: We recommend the County include specific language relative to the suspension and debarment requirements within the contract and perform a search for the vendor on the *SAM* website (and maintain documentation of the search), for all federally funded contracts to ensure that contracts are not awarded to suspended or debarred parties.

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2015-005 Procurement (Continued)

Program: U.S. Department of Justice (CFDA No. 16.922)

CFDA Program Title: Equitable Sharing Program

Auditee's Response: We will ensure future procurements are performed in accordance with required federal guidance through the use of vendor affidavits or through a search of the SAM website, prior to initiating contracts.

CHEROKEE COUNTY, GEORGIA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Finding Reference: 2014-005 – Reporting – Community Development Block Grants Cluster (CDBG)

Condition: The County's CDBG grant includes requirements to submit a SF-425, *Federal Financial Report*, on a quarterly basis to the Department of Housing and Urban Development. This report summarizes the program expenditures and cash status of the recipient and must be submitted to the Department of Housing and Urban Development within 30 days of the end of each quarter.

Auditee Response/Status: It was noted during testing that the County corrected this condition for the fiscal year ended September 30, 2015.