



Certified Public Accountants

DOUGLAS COUNTY, KANSAS

SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2021

DOUGLAS COUNTY, KANSAS
SINGLE AUDIT REPORT
Year Ended December 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
The Douglas County, Kansas, financial statements and related notes for the year ended December 31, 2021 were audited by Allen, Gibbs & Houlik, L.C. and issued under a separate cover.	
The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> was issued by Allen, Gibbs & Houlik, L.C. under a separate cover.	
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards	1 - 2
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	3 - 5
Schedule of Expenditures of Federal Awards	6 - 7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9 - 11



4301 SW Huntoon St. Topeka, KS 66604 | t:785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcccpa.com

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

The County Commissioners
Douglas County, Kansas:

Unmodified and Adverse Opinions

We have audited the accompanying schedule of expenditures of federal awards of Douglas County, Kansas, and the related municipal entity of Lawrence/Douglas County Health Department (collectively, "the County") for the year ended December 31, 2021, and the related notes (the financial statement).

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement presents fairly, in all material respects, the expenditures of federal awards of the County for the year ended December 31, 2021, in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the expenditures of federal awards of the County for the year ended December 31, 2021.

Basis for Opinions

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the financial statement is prepared by the County on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 generally accepted auditing standards (GAAS), *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, 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 amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BT & Co., P.A.

June 12, 2023
Topeka, Kansas



Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE**

The County Commissioners
Douglas County, Kansas:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Douglas County, Kansas, and the related municipal entity of Lawrence/Douglas County Health Department's (collectively, "the County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' 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.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Auditors' 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 GAAS, *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. Non-compliance 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 its major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Finding 2021-002. 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 finding 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.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. *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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2021-002 to be a material weakness.

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.

BT & Co., P.A.

June 12, 2023
Topeka, Kansas

DOUGLAS COUNTY, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Number	Expenditures	Amounts Passed on to Subrecipients
U.S. Department of Agriculture:				
Passed through Kansas Department of Health and Environment:				
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	264736	\$ 334,800	\$ -
Volunteer Fire Assistance Program	10.664	-	3,100	-
Food Waste Reduction Pilot	10.935	NR203A750027C011	45,602	-
			<u>383,502</u>	<u>-</u>
Total U.S. Department of Agriculture				
U.S. Department of the Interior:				
Intensive Survey of Marion Township	15.904	20-00790	10,900	-
Historic Preservation Fund Grants-In-Aid	15.904	N/A	9,300	-
2020 Clinton Twp Survey	15.904	N/A	11,000	-
			<u>31,200</u>	<u>-</u>
Total U.S. Department of the Interior				
U.S. Department of Justice:				
Bulletproof Vest Partnership	16.607	N/A	3,872	-
FED Forfeiture Fund	16.922	KS0230000	51,349	-
Passed through Kansas Office of the Governor:				
Crime Victim Assistance	16.575	21-VOCA-11	48,725	-
Violence Against Women Formula Grants	16.588	21-VAWA-02	56,160	-
			<u>160,106</u>	<u>-</u>
Total U.S. Department of Justice				
U.S. Department of Transportation:				
Passed through Kansas Department of Transportation:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	PT-1198-21	3,861	-
Passed through Kansas Adjutant General:				
Hazardous Materials Emergency Preparedness	20.703	693JK31940016HMEP	90,000	-
			<u>93,861</u>	<u>-</u>
U.S. Department of Transportation				
U.S. Department of Treasury:				
COVID-19 State and Local Fiscal Recovery Fund	21.027	-	320,469	200,000
Passed through Kansas Office of Governor:				
COVID-19 Coronavirus Relief Fund	21.019	-	3,346,857	3,222,846
Passed through Kansas Judicial Branch:				
COVID-19 Coronavirus Relief Fund	21.019	-	224,017	-

(Continued)

DOUGLAS COUNTY, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Number	Expenditures	Amounts Passed on to Subrecipients
Passed through City of Lawrence:				
COVID-19 Coronavirus Relief Fund	21.019	-	74,030	-
Total U.S. Department of Treasury			3,965,373	3,422,846
U.S. Department of Health and Human Services:				
Passed through Kansas Department of Health and Environment:				
Clusters:				
Child Care and Development Fund Cluster:				
Child Care Licensing	93.575	2643450M	91,503	-
COVID-19 Child Care Licensing	93.575	2642731ARPA	6,663	-
Child Care and Development Fund Cluster subtotal			98,166	-
Medicaid Cluster:				
Teen Pregnancy Targeted Case Management Grant	93.778	2642043	27,433	-
Non-clusters:				
Public Health Emergency Preparedness	93.069	264678A	26,617	-
Public Health Emergency Preparedness	93.069	264678Z	42,594	-
Family Planning	93.217	264FPFFY21/264FPFFY22	196,734	-
Immunization & Vaccines for Children	93.268	264IMM22PPHF	7,857	-
COVID-19 -Immunization & Vaccines for Children	93.268	264IMM_COVID	78,800	-
COVID-19 CLC Care Resource Coordination	93.323	N/A	118,779	-
COVID-19 CLC Expanded Testing	93.323	N/A	438,252	-
COVID-19 CLC Expanded Infrastructure	93.323	N/A	424,110	-
COVID-19 CLC Staffing and Infrastructure Support	93.323	N/A	205,198	-
Chronic Disease Risk Reduction	93.387	264TOB21	17,046	-
Collaborative Application for Chronic Disease-Tobacco	93.991	264277N	31,410	-
Maternal & Child Health - Block Grant	93.994	264329R	53,998	-
Passed through Kansas Department for Children and Families:				
Temporary Assistance for Needy Families	93.558	CSS-2017-FI-03-G	204,697	-
Total U.S. Department of Health and Human Services			1,971,691	-
U.S. Department of Homeland Security:				
Flood/Tornado Relief	97.036	-	461,759	-
Emergency Management Performance Grant	97.042	EMK-2021-EP-00002	101,350	-
Total U.S. Department of Homeland Security			563,109	-
Total federal awards expenditures			\$ 7,168,842	\$ 3,422,846

See accompanying notes to schedule of expenditures of federal awards

DOUGLAS COUNTY, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2021

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Douglas County, Kansas and the Lawrence/Douglas County Health Department (collectively, “the County”) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position of the County.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on a regulatory basis of accounting. This basis is designed to follow the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The expenditures on the Schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3 - De Minimis Indirect Cost Rate

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

DOUGLAS COUNTY, KANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended December 31, 2021

Section I - Summary of Independent Auditors' Results

Financial Statement

Type of report issued on whether the financial statement audited was prepared in accordance with GAAP:	Adverse
Type of auditors' report issued on the basis of accounting used by the County and Health Department:	Unmodified – Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	2021-001
Noncompliance material to the financial statement noted:	None

Federal Awards

Types of auditors' report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	2021-002
Significant deficiencies identified that are not considered to be material weaknesses:	None noted
Any audit findings that are required to be reported in accordance with Section 2 CFR 200.516(a):	2021-002

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
--	------------

Auditee qualified as low-risk auditee:	No
--	----

(Continued)

DOUGLAS COUNTY, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

Finding 2021-001 Significant Deficiency

Prior Reference Number: 2020-001

Condition: Purchase orders under \$ 20,000 can be created and approved by the same person.

Cause: The ERP system implemented in 2015 allows for the same person to both enter and approve the purchase orders they have entered, primarily in those departments that are small, though all purchase orders over \$ 20,000 require an additional approval from at least the department making the purchase.

Effect: A lack of controls and procedures could result in a misstatement to the financial statement.

Recommendation: There should be a separation between the entry function and the approval function to ensure that no fraudulent purchase orders are entered. Accounts payable is responsible for reviewing and approving setup of all new vendors in the system.

Management's Response/Corrective Action Plan (unaudited): It is important to note that some departments are small enough that the department head does enter and approve the Purchase Orders. However, no vendors can be added without the approval of Accounts Payable. Also, when the invoice is presented for payment Accounts Payable reviews every invoice regardless of the dollar amount.

Section III – Federal Award Findings and Questioned Costs

Finding 2021-002 – Material Weakness

Grant Program/Award – U.S. Department of Health and Human Services, ALS Number 93.323, COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), Grant Award Periods 2020 and 2021

Prior Reference Number – N/A

Compliance Requirements – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Condition – Our expense testing revealed that 45 of 60 expenditures tested, all related to salaries and benefits expenditures, showed no evidence of time and effort to support how the salaries and benefits allocation was determined, with 6 of the same 45 expenditures lacking evidence of payroll documentation for the amounts charged to the grant. Further, 47 of 60 expenses tested showed no evidence of review by a person knowledgeable of the grant.

Criteria – The County's internal controls should be designed to ensure proper recordkeeping of expenses charged to the federal program and review of the documentation that supports expenses.

Cause – The County experienced turnover during and after the fiscal year.

Questioned Costs – Known questioned costs - \$ 4,513. Likely questioned costs - \$ 23,792.

(Continued)

DOUGLAS COUNTY, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect – Unallowed costs could be charged to the federal program.

Recommendation – We recommend that the County implement controls and processes that ensure that expenditures charged to the program are reviewed and documented to ensure costs are allowable and properly supported.

Management's Response/Corrective Action Plan (Unaudited) – The County's financial analyst allocated salaries and benefits in accordance with reports derived from the County's payroll software after payroll hours were reviewed and approved by County Department supervisors. Those allocations were discussed and reviewed during finance meetings, but documentation of the meetings was not available as a result of staff turnover. The County will formalize and memorialize a process to document discussion, review and approval of activities allowed or unallowed as well as allowable costs for grants.

Contact Name – Dan Partridge, Director, Lawrence/Douglas County Health Department

Expected Completion Date – The County will implement the above procedure immediately.