

# **Benton County, Arkansas Federal Awards Programs**

Single Audit Report

December 31, 2015



# Benton County, Arkansas Federal Awards Programs

December 31, 2015

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## Independent Auditor's Report on Schedule of Expenditures of Federal Awards

To the County Quorum Court  
Benton County, Arkansas

### Report on Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the Benton County, Arkansas Federal Awards Programs for the year ended December 31, 2015 and the related notes to the schedule.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit 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, 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). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the County Quorum Court  
Benton County, Arkansas  
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*Opinion*

In our opinion, the schedule referred to above presents fairly, in all material respects, the expenditures of the federal awards of the Benton County, Arkansas Federal Awards Programs for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

*BKD, LLP*

Rogers, Arkansas  
April 14, 2017

**Benton County, Arkansas Federal Awards Programs**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2015**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Northwest Arkansas Economic Development District, Inc. Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	#790-08596-08	\$ -	\$ 60,939
<b>Total U.S. Department of Housing and Urban Development</b>			-	60,939
<b>U.S. Department of Justice</b>				
Juvenile Accountability Block Grant	16.523	N/A	-	22,200
Juvenile Justice and Delinquency Prevention Allocation to States - Title II, Part B	16.540	N/A	-	4,278
Drug Court Discretionary Grant Program	16.585	N/A	-	26,582
State Criminal Alien Assistance Program	16.606	N/A	-	30,700
Equitable Sharing Program	16.922	N/A	-	64,000
<b>Total U.S. Department of Justice</b>			-	147,760
<b>U.S. Department of Transportation</b>				
<i>Highway Planning and Construction Cluster</i>				
Arkansas Highway and Transportation Department Highway Planning and Construction Cluster	20.205	N/A	-	23,954
<i>Cluster Total</i>			-	23,954
<i>Highway Safety Cluster</i>				
State and Community Highway Safety Cluster	20.600	N/A	-	61,626
<i>Cluster Total</i>			-	61,626
<b>Total U.S. Department of Transportation</b>			-	85,580
<b>U.S. Department of Health and Human Services</b>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	202,986
<b>Total U.S. Department of Health and Human Services</b>			-	202,986
<b>U.S. Department of Homeland Security</b>				
Arkansas Department of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4143-DR-AR #1	-	1,201,942
Arkansas Department of Emergency Management Hazard Mitigation Grant	97.039	FEMA-4143-DR-AR #2	-	33,750
Arkansas Department of Emergency Management Homeland Security Grants Law Enforcement Terrorism Prevention Program and State Homeland Security Grants	97.067	2014-LETPP-SHSGP	-	298,568
<b>Total U.S. Department of Homeland Security</b>			-	1,534,260
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 2,031,525

# **Benton County, Arkansas Federal Awards Programs**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **Year Ended December 31, 2015**

#### **Notes to Schedule**

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Benton County, Arkansas Federal Awards Programs under programs of the federal government for the year ended December 31, 2015. 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). Because the Schedule presents only a selected portion of the operations of Benton County, Arkansas Federal Awards Programs, it is not intended to and does not present the fund balance or changes in fund balance of Benton County, Arkansas Federal Awards Programs.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB A-87, *Cost Principles for State, Local and Indian Tribal Governments* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Benton County, Arkansas Federal Awards Programs has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

To the County Quorum Court  
Benton County, Arkansas

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

We have audited the compliance of Benton County, Arkansas Federal Awards Programs (the Programs) with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The Programs' major federal program is 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 federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Benton County, Arkansas Federal Award Program's major federal program 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 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). Those standards and the Uniform Guidance 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 Program'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 the major federal program. However, our audit does not provide a legal determination of the Program's compliance.

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

In our opinion, Benton County, Arkansas Federal Awards Programs complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

### **Report on Internal Control Over Compliance**

Management of the Programs 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 Program'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 our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Program'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*BKD, LLP*

Rogers, Arkansas  
April 14, 2017



**Benton County, Arkansas Federal Awards Programs**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2015**

***Summary of Auditor's Results – Audit of Financial Statements (Arkansas Division of Legislative Audit)***

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?       Yes       None Reported

Material weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes       No

***Summary of Auditor's Results – Audit of Schedule of Expenditures of Federal Awards and Uniform Guidance Reporting (BKD, LLP)***

*Schedule of Expenditures of Federal Awards*

1. The type of report the auditor issued on whether the schedule of expenditures of federal awards audited was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimer

*Federal Awards*

2. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?       Yes       None Reported

Material weakness(es)?       Yes       No

**Benton County, Arkansas Federal Awards Programs**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

3. The opinion expressed in the independent auditor's report on compliance for major federal award programs was:

Unmodified       Qualified       Adverse       Disclaimed

4. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?  Yes       No

5. The Program's major program was:

Cluster/Program	CFDA Number
FEMA Storm Damage – Natural Disaster	97.036

6. The threshold used to distinguish between Type A and Type B programs was \$ 750,000.

7. The Program qualified as a low-risk auditee?  Yes       No

**Benton County, Arkansas Federal Awards Programs**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

**Findings Required to be Reported by Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Benton County, Arkansas Federal Awards Programs**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2015**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2014-01	<p><b><i>Criteria</i></b>  Management is responsible for establishing and maintaining effective internal controls over the Schedule of Expenditures of Federal Awards (SEFA).</p> <p><b><i>Condition</i></b>  Adjustments to the SEFA were necessary to correct the amounts included as expenditures for various programs and to include federal awards programs omitted from the schedule.</p> <p><b><i>Cause</i></b>  The Programs’ controls regarding the preparation, review and approval of the SEFA did not operate effectively.</p> <p><b><i>Effect</i></b>  The Programs’ SEFA could be reporting inaccurate federal expenditures. In addition, the schedule may be incomplete due to unknown awards. An inaccurate SEFA could result in major programs not being properly tested each year.</p> <p><b><i>Current year reference number</i></b> – N/A – Matter is reported in separate management letter as it does not relate to the financial statements of Benton County, Arkansas</p> <p><b><i>Reason finding not corrected</i></b> – Finding is not corrected because of the limited size of the accounting staff.</p> <p><b><i>Recommendation</i></b>  We recommend that the Programs evaluate and implement enhancements to its controls, to the extent necessary, to ensure that the SEFA is complete and accurate.</p> <p><b><i>View of Responsible Officials and Planned Corrective Actions</i></b>  The Programs are working on implementing and documenting appropriate controls regarding the preparation, review, and approval of the year end SEFA in order to ensure accurate schedules.</p>	