



COUNTY OF BERKS, PENNSYLVANIA

SINGLE AUDIT REPORT

DECEMBER 31, 2011



REINSEL KUNTZ LESHER
certified public accountants & consultants

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CONTENTS

	Page
REPORT DISTRIBUTION LIST	1
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 <i>GOVERNMENT AUDITING STANDARDS</i>	2 and 3
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	4-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7-11
SCHEDULE OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE EXPENDITURES	12
SCHEDULE OF WIA EXPENDITURES BY PROGRAM IDENTIFIER AND YEAR	13
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, THE SCHEDULE OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE EXPENDITURES AND THE SCHEDULE OF WORKFORCE INVESTMENT ACT (WIA) EXPENDITURES BY PROGRAM IDENTIFIER AND YEAR	14 and 15
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	16-20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21-24

COUNTY OF BERKS
REPORT DISTRIBUTION LIST
December 31, 2011

Board of County Commissioners
County Controller
County of Berks
Berks County Services Center
633 Court Street
Reading, PA 19601

Single Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

Commonwealth of Pennsylvania
Office of the Budget
Bureau of Audits
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Forum Place 8th Floor
555 Walnut Street
Harrisburg, PA 17101



**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**

**To the Board of County Commissioners
and County Controller
County of Berks
Reading, Pennsylvania**

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Berks as of and for the year ended December 31, 2011, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and except for the discretely presented component unit, the Berks County Solid Waste Authority, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Reading Regional Airport Authority or the Reading Area Community College, which are discretely presented component units. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those discretely presented component units, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting:

Management of the County of Berks is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Berks' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Berks' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Berks' internal control over financial reporting.

Internal Control over Financial Reporting (Continued):

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.

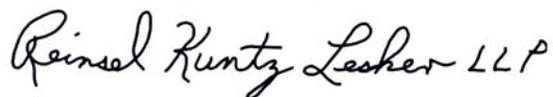
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the County of Berks' financial statements are free of 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*.

We noted certain matters that we reported to the management of the County in a separate letter dated September 18, 2012.

This report is intended solely for the information and use of management, the Board of County Commissioners, County Controller, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



**Wyomissing, Pennsylvania
August 31, 2012**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Board of County Commissioners
and County Controller
County of Berks
Reading, Pennsylvania**

Compliance:

We have audited the compliance of the County of Berks with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the Commonwealth of Pennsylvania, Department of Public Welfare (DPW), *Single Audit Supplement*, that could have a direct and material effect on each of the County's major federal programs and DPW programs for the year ended December 31, 2011. The County of Berks' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. The County's major DPW programs are identified on the accompanying Schedule of Pennsylvania Department of Public Welfare Financial Assistance. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and DPW programs is the responsibility of County of Berks' management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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*; and the DPW *Single Audit Supplement*. Those standards, OMB Circular A-133 and the Supplement 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 of Berks' 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. Our audit does not provide a legal determination on the County of Berks' compliance with those requirements.

Compliance (Continued):

In our opinion, the County of Berks 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, 2011.

Internal Control over Compliance:

Management of the County of Berks is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and DPW programs. In planning and performing our audit, we considered the County of Berks' internal control over compliance with requirements that could have a direct and material effect on a major federal and DPW program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 of Berks' 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards, Schedule of Pennsylvania Department of Public Welfare Expenditures and Schedule of Workforce Investment Act (WIA) Expenditures by Program Identifier and Year:

We have audited 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 the County of Berks as of and for year ended December 31, 2011, and have issued our report thereon dated August 31, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County of Berks' basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of Pennsylvania Department of Public Welfare Expenditures and the Schedule of Workforce Investment Act (WIA) Expenditures by Program Identifier and Year are presented for purposes of additional analysis as required by the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Pennsylvania Department of Public Welfare *Single Audit Supplement* and the Pennsylvania Department of Labor and Industry and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of County Commissioners, County Controller, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Reinsel Kuntz Lesker LLP

**Wyomissing, Pennsylvania
September 27, 2012, except for the first paragraph
of page 6, to which the date is August 31, 2012.**

COUNTY OF BERKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program	Source Code	Federal CFDA Number	Accrued (Deferred) Revenue at 1/1/11	Federal Grant Receipts	Federal Grant Expenditures	Accrued (Deferred) Revenue at 12/31/11
<u>U.S. Department of Agriculture</u>						
Passed through Pennsylvania Department of Education						
<u>Child Nutrition Cluster</u>						
School Breakfast Program	I	10.553	2,527	31,198	32,904	4,233
National School Lunch Program	I	10.555	5,241	67,741	71,711	9,211
Total Nutrition Cluster			7,768	98,939	104,615	13,444
Passed through the Pennsylvania Department of Labor and Industry						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	I	10.561	4,174	49,079	50,244	5,339
Passed through the Pennsylvania Department of Public Welfare						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	I	10.561	-	488,136	488,136	-
Passed through the Pennsylvania Department of Agriculture						
Emergency Food Assistance Program (Administrative Costs)	I	10.568	83,081	128,881	72,945	27,145
Emergency Food Assistance Program (Food Commodities)	I	10.569	-	346,210	268,161	(78,049)
Farm and Ranch Lands Protection Program	D	10.913	1,007,040	1,126,793	119,753	-
Total U.S. Department of Agriculture			1,102,063	2,238,038	1,103,854	(32,121)
<u>U.S. Department of Housing and Urban Development</u>						
<u>Community Development Block Grant Cluster</u>						
Community Development Block Grants/Entitlement Grants	D	14.218	12,547	4,069,068	4,214,678	158,157
Community Development Block Grant ARRA Entitlement Grants	D	14.253	-	6,968	6,968	-
Total Community Development Block Grant Cluster			12,547	4,076,036	4,221,646 *	158,157
Emergency Solutions Grant Program	D	14.231	-	97,227	97,371	144
Home Investment Partnerships Program	D	14.239	1,570	581,146	605,049	25,473
Passed through Pennsylvania Department of Community and Economic Development						
Homelessness Prevention and Rapid Re-Housing Program (HPRP) ARRA	I	14.257	-	523,593	522,771 *	(821)
Total U.S. Department of Housing and Urban Development			14,117	5,278,001	5,446,837	182,953
<u>U.S. Department of Justice</u>						
Drug Court Discretionary Grant Program	D	16.585	6,344	34,320	35,758	7,782
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	D	16.590	43,463	173,852	173,852	43,463
Public Safety Partnership and Community Policing Grants	D	16.710	-	86,334	122,584	36,250
Drug Enforcement	D	16.999	2,294	40,714	41,086	2,666
Passed through City of Reading						
Juvenile Accountability Block Grant	I	16.523	-	10,167	10,167	-
Passed through Berks Women in Crisis						
Violence Against Women Formula Grants	I	16.588	45,926	5,291	89,269	129,904

COUNTY OF BERKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program	Source Code	Federal CFDA Number	Accrued (Deferred) Revenue at 1/1/11	Federal Grant Receipts	Federal Grant Expenditures	Accrued (Deferred) Revenue at 12/31/11
Passed through Pennsylvania Commission on Crime and Delinquency						
Juvenile Accountability Block Grant	I	16.523	6,006	33,890	33,354	5,470
State Criminal Alien Assistance Program	I	16.606	(27,714)	37,642	27,714	(37,642)
Edward Byrne Memorial Justice Assistance Grant Program	I	16.738	12,937	12,346	10,554	11,145
Paul Coverdell Forensic Sciences Improvement Grant Program	I	16.742	-	70,988	70,988	-
Edward Byrne Memorial Justice Assistance Grant Program/ Grants to States and Territories - ARRA	I	16.803	<u>14,326</u>	<u>117,302</u>	<u>128,720</u>	<u>25,744</u>
Total U.S. Department of Justice			<u>103,582</u>	<u>622,846</u>	<u>744,046</u>	<u>224,782</u>
<u>U.S. Department of Labor</u>						
Passed through Pennsylvania Department of Labor and Industry						
<u>WIA Cluster</u>						
WIA Adult Program	I	17.258	90,007	721,061	690,790	49,076
WIA Adult Program - ARRA	I	17.258	7,585	78,910	60,665	-
WIA Youth Activities	I	17.259	64,131	910,027	903,514	57,618
WIA Youth Activities - ARRA	I	17.259	485	2,721	2,236	-
WIA Dislocated Workers	I	17.260	144,751	865,253	736,331	3,581
WIA Dislocated Workers - ARRA	I	17.260	58,706	361,371	290,417	-
WIA Dislocated Worker Formula Grants	I	17.278	-	316,002	413,194	97,192
Total WIA Cluster			<u>365,665</u>	<u>3,255,345</u>	<u>3,097,147 *</u>	<u>207,467</u>
Total U.S. Department of Labor			<u>365,665</u>	<u>3,255,345</u>	<u>3,097,147</u>	<u>207,467</u>
<u>U.S. Department of Transportation</u>						
Passed through Pennsylvania Department of Transportation						
Highway Planning and Construction	I	20.205	214,771	434,924	329,177	109,024
Metropolitan Transportation Planning	I	20.505	18,792	52,263	90,236	56,765
State and Community Highway Safety	I	20.600	-	1,079	1,079	-
Passed through Pennsylvania Emergency Management Agency						
Interagency Hazardous Materials Public Sector Training and Planning Grants	I	20.703	-	17,318	17,318	-
Total U.S. Department of Transportation			<u>233,563</u>	<u>505,584</u>	<u>437,810</u>	<u>165,789</u>
<u>U.S. Election Assistance Commission</u>						
Passed through Pennsylvania Department of General Services						
Help America Vote Act Grant	I	39.011	4,283	4,283	-	-
Help America Vote Act Requirements Payments	I	90.401	123,800	125,056	111,396	110,140
Voting Access to Individuals with Disabilities-Grants to States	I	93.617	1,107	1,532	425	-
Total U.S. Election Assistance Commission			<u>129,190</u>	<u>130,871</u>	<u>111,821</u>	<u>110,140</u>

COUNTY OF BERKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program	Source Code	Federal CFDA Number	Accrued (Deferred) Revenue at 1/1/11	Federal Grant Receipts	Federal Grant Expenditures	Accrued (Deferred) Revenue at 12/31/11
<u>Institute of Museum and Library Services</u>						
Passed through Pennsylvania Department of Education Grants to States	I	45.310	(9,099)	24,169	30,523	(2,745)
Total Institute of Museum and Library Services			(9,099)	24,169	30,523	(2,745)
<u>U.S. Department of Energy</u>						
Passed through Pennsylvania Department of Labor and Industry Weatherization Assistance for Low-Income Persons	I	81.042	604	604	-	-
Energy Efficiency and Conservation Block Grant Program	D	81.128	-	373,379	381,944	8,565
Total U.S. Department of Energy			604	373,983	381,944	8,565
<u>U.S. Department of Education</u>						
Passed through Pennsylvania Department of Welfare Special Education-Grants for Infants and Families	I	84.181	-	422,594	350,474	(72,120)
Special Education-Grants for Infants and Families - ARRA	I	84.393	-	240,060	240,060	-
Total Early Intervention Services Cluster			-	662,609	590,534 *	(72,120)
Total U.S. Department of Education			-	662,654	590,534	(72,120)
<u>U.S. Department of Health and Human Services</u>						
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	D	93.243	22,862	92,211	87,232	17,883
Passed through Pennsylvania Department of Health Substance Abuse and Mental Health Services-Projects of Regional and National Significance	I	93.243	-	98,905	107,899	8,994
Total CFDA 93.243			22,862	191,116	195,131	26,877
Passed through Pennsylvania Department of Aging Special Programs for the Aging- Title VII, Chapter 2- Long Term Care Ombudsman Services for Older Individuals	I	93.042	(167)	835	1,002	-
Special Programs for the Aging-Title III, Part D- Disease Prevention and Health Promotion Services	I	93.043	(2,234)	25,082	27,316	-
Communities Putting Prevention to Work: Chronic Disease Self-Management Program - ARRA	I	93.725	(3,590)	17,953	21,543	-
<u>Aging Cluster</u>						
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	I	93.044	(47,850)	548,479	596,329	-
Special Programs for the Aging-Title III, Part C- Nutrition Services	I	93.045	(34,547)	334,267	368,814	-
Nutrition Services Incentive Program	I	93.053	(11,299)	106,721	118,020	-
Total Aging Cluster			(93,696)	989,467	1,083,163	-
National Family Caregiver Support, Title III, Part E	I	93.052	(21,837)	203,854	225,691	-
Medicare Enrollment Assistance Program	I	93.071	(711)	2,847	3,558	-
CMS Research, Demonstrations, and Evaluations	I	93.779	(4,002)	37,726	41,728	-
<u>Medicaid Cluster</u>						
Medical Assistance Program	I	93.778	88,759	828,684	871,903	131,978
			88,759	828,684	871,903	131,978
Passed through Pennsylvania Department of Welfare Medical Assistance Program	I	93.778	163,612	1,486,688	1,423,047	99,971
Total Medicaid Cluster			252,371	2,315,372	2,294,950 *	231,949

COUNTY OF BERKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program	Source Code	Federal CFDA Number	Accrued (Deferred) Revenue at 1/1/11	Federal Grant Receipts	Federal Grant Expenditures	Accrued (Deferred) Revenue at 12/31/11
Passed through Pennsylvania Department of Health						
Block Grants for Prevention and Treatment of Substance Abuse	I	93.959	-	1,832,017	1,994,881	162,864
Passed through Pennsylvania Department of Labor and Industry						
<u>TANF Cluster</u>						
Temporary Assistance for Needy Families	I	93.558	164,393	2,260,446	2,231,967	135,914
			164,393	2,260,446	2,231,967	135,914
Passed through Pennsylvania Department of Welfare						
<u>TANF Cluster</u>						
Temporary Assistance for Needy Families	I	93.558	1,432,516	2,225,619	2,364,171	1,571,067
Total TANF Cluster			1,596,909	4,486,065	4,596,138 *	1,706,981
Guardianship Assistance	I	93.090	-	12,114	22,151	10,037
Guardianship Assistance - ARRA	I	93.090	-	1,046	1,054	8
Promoting Safe and Stable Families	I	93.556	46,849	73,635	57,682	30,896
Child Support Enforcement	I	93.563	928,289	4,335,962	4,038,689	631,017
<u>Child Care Cluster</u>						
Child Care and Development Block Grant	I	93.575	-	4,643,843	4,643,843	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	I	93.596	-	2,999,321	2,999,321	-
Child Care and Development Block Grant	I	93.713	-	277,285	277,285	-
Total Child Care Cluster - ARRA			-	7,920,449	7,920,449 *	-
Grants to States for Access and Visitation Programs	I	93.597	2,770	9,618	9,567	2,718
Stephanie Tubbs Jones Child Welfare Services Program	I	93.645	-	176,517	176,517	-
Foster Care-Title IV-E	I	93.658	1,978,544	4,850,301	5,399,515	2,527,758
Foster Care-Title IV-E - ARRA	I	93.658	16,880	141,824	147,699	22,755
			1,995,424	4,992,125	5,547,214 *	2,550,513
Adoption Assitance	I	93.659	618,601	2,322,205	2,341,444	637,840
Adoption Assitance - ARRA	I	93.659	57,223	68,321	11,098	-
			675,824	2,390,526	2,352,542 *	637,840
Social Services Block Grant	I	93.667	-	1,374,208	1,344,814	(29,394)
Chafee Foster Care Independence Program	I	93.674	74,416	263,599	189,183	-
National Bioterrorism Hospital Preparedness Program	I	93.889	-	4,000	4,000	-
Block Grants for Community Mental Health Services	I	93.958	-	456,266	365,070	(91,196)
Total U.S. Department of Health and Human Services			5,469,477	32,112,399	32,514,032	5,871,111

COUNTY OF BERKS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Accrued (Deferred) Revenue at 1/1/11</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Accrued (Deferred) Revenue at 12/31/11</u>
<u>Corporation for National and Community Service</u>						
Foster Grandparent Program	D	94.011	-	285,792	285,792	-
Total Corporation for National and Community Service			-	285,792	285,792	-
<u>Department of Homeland Security</u>						
Passed through Pennsylvania Emergency Management Agency						
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	I	97.036	-	-	150,404	150,404
Hazard Mitigation Grant	I	97.039	-	-	526	526
Emergency Management Performance Grants	I	97.042	21,305	84,064	86,645	23,886
Homeland Security Grant Program	I	97.067	9,351	57,790	59,327	10,887
Total Department of Homeland Security			30,656	141,854	296,902	185,703
Total Federal Awards			7,439,818	45,631,538	45,041,243	6,849,526

I = Indirect

D = Direct

* Denotes major program as defined by OMB Circular A-133

COUNTY OF BERKS

SCHEDULE OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE EXPENDITURES

Program (As Defined in the Pennsylvania Department of Public Welfare Single Audit Supplement)	Combined Federal/State Expenditures for Calendar Year Ended December 31, 2011
Child Support Enforcement	\$ 5,894,889*
Children and Youth	42,977,953*
Medical Assistance Transportation	2,034,197*
Mental Health/Mental Retardation	18,646,171*
Child Care Information Services for Subsidized Child Care	19,346,449*
Human Services Development Fund	570,484
Homeless Assistance Programs	602,396
Community Based-Family Services	<u>72,945</u>
	<u>\$ 90,145,484</u>

* Major Pennsylvania Department of Public Welfare programs. The 2011 threshold for major programs under the federal definition is \$ 1,351,237 (the greater of 3 percent of total federal expenditures or \$ 300,000). The amount expended under the major Pennsylvania Department of Public Welfare programs for the fiscal year ended December 31, 2012 was \$ 88,899,659 or 99 percent of total Pennsylvania Department of Public Welfare financial assistance.

COUNTY OF BERKS
SCHEDULE OF WIA EXPENDITURES
BY PROGRAM IDENTIFIER AND YEAR
CALENDAR YEAR 2011

Title	NOO Number	Agreement Period	Authorized Budget	Cumulative Expenditures	(Over) Under
WIA Adult Program	015-11-3001	7/11/11 – 6/30/13	\$ 59,027.00	\$ 59,027.00	\$ -
WIA Adult Program	015-11-3011	10/1/11 – 6/30/13	\$ 723,210.00	\$ 83,511.00	\$ 639,699.00
WIA Youth Program	015-11-3301	4/1/11 – 6/30/13	\$ 897,206.00	\$ 225,612.00	\$ 671,594.00
WIA Dislocated Worker	015-11-4001	7/1/11 – 6/30/13	\$ 245,830.00	\$ 245,830.00	\$ -
WIA Dislocated Worker	015-11-4011	10/1/11 – 6/30/13	\$ 1,039,091.00	\$ 167,364.00	\$ 871,727.00
EARN - TANF	015-11-0000	7/1/11 – 6/30/12	\$ 1,351,460.00	\$ 672,317.00	\$ 679,143.00
WIA Rapid Response	015-11-4051	7/1/11 – 6/30/13	\$ 87,796.00	\$ -	\$ 87,796.00
WIA Rapid Response	015-11-4151	10/1/11 – 6/30/12	\$ 10,000.00	\$ -	\$ 10,000.00
WIA Rapid Response	015-11-4153	10/1/11 – 6/30/13	\$ 153,932.00	\$ -	\$ 153,932.00
WIA Youth - TANF	015-11-3361	7/1/11 – 6/30/12	\$ 463,163.00	\$ 365,907.00	\$ 97,256.00
Industry Partnership AMDM	015-11-6231	7/1/11 – 6/30/12	\$ 54,000.00	\$ 876.00	\$ 53,124.00
Grand Totals			\$ 5,084,715.00	\$ 1,820,444.00	\$ 3,264,271.00

Title	NOO Number	Agreement Period	Authorized Budget	Cumulative Expenditures	(Over) Under
WIA Adult	015-10-3011	10/1/10 - 6/30/11	\$ 580,554.00	\$ 580,554.00	\$ -
WIA Youth	015-10-3301	4/1/10 – 6/30/12	\$ 817,514.00	\$ 817,514.00	\$ -
WIA Dislocated Worker	015-10-4011	10/1/10 – 6/30/11	\$ 714,166.00	\$ 714,166.00	\$ -
EARN - TANF	015-10-0000	7/1/10 – 6/30/11	\$ 3,021,231.00	\$ 2,480,684.00	\$ 540,547.00
WIA Youth - TANF	015-10-3361	7/1/10 – 6/30/11	\$ 422,692.00	\$ 422,692.00	\$ -
Industry Partnership – Building & Construction	015-10-6233	7/1/10 – 6/30/11	\$ 49,947.00	\$ 49,947.00	\$ -
WIA Youth - RCEP	015-10-3031	7/1/10 – 6/30/11	\$ 24,697.00	\$ 24,697.00	\$ -
WIA Youth - RCEP	015-10-3133	10/1/10 – 6/30/11	\$ 28,213.00	\$ 28,213.00	\$ -
Incumbent Worker Training Grant AMDM	015-10-6511	7/1/10 – 6/30/11	\$ 59,133.00	\$ 59,133.00	\$ -
Grand Totals			\$ 5,718,147.00	\$ 5,177,600.00	\$ 540,547.00

Funding Source	Funding ID	Funding Period	Authorized Budget	Cumulative Expenditures	(Over) Under
WIA Rapid Response	015-09-4156	10/1/09 – 6/30/12	\$ 75,000.00	\$ 18,537.00	\$ 56,463.00
Weatherization	015-09-7853	7/1/09 – 6/30/11	\$ 3,360.00	\$ 3,360.00	\$ -
WIA Dislocated Worker	015-09-7011	9/1/10 – 9/30/12	\$ 120,102.00	\$ 83,846.00	\$ 36,256.00
Grand Totals			\$ 198,462.00	\$ 105,743.00	\$ 92,719.00

COUNTY OF BERKS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, THE SCHEDULE OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE EXPENDITURES AND THE SCHEDULE OF WORKFORCE INVESTMENT ACT (WIA) EXPENDITURES BY PROGRAM IDENTIFIER AND YEAR Year Ended December 31, 2011

Note 1. Reporting Entity

The County of Berks, Pennsylvania (the "County"), as the reporting entity for financial reporting purposes, is defined in Note 1 to the County's financial statements. For purposes of preparing the schedules of awards, the County's reporting entity differs from that used for financial purposes, in that awards received and expended, if any, by the following entities are excluded:

- Council on Chemical Abuse, Inc.
- Service Access and Management, Inc.
- Reading Area Community College
- Reading Regional Airport Authority
- Berks County Solid Waste Authority
- Berks County Industrial Development Authority
- Redevelopment Authority of Berks County

Direct awards pertaining to these entities have been excluded from the accompanying schedules principally because the County is not directly involved in maintaining the accounting records or systems of internal accounting and administrative controls for these entities. Where applicable, these entities have arranged for the issuance of separate Single Audit Reports containing their audited financial statements and Schedule of Expenditures of Federal Awards and all required audit reports.

Except as indicated above, the accompanying Schedule of Expenditures of Federal Awards present the activity of all federal award programs and the Pennsylvania Department of Public Welfare award programs of the County.

COUNTY OF BERKS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, THE SCHEDULE OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE EXPENDITURES AND THE SCHEDULE OF WORKFORCE INVESTMENT ACT (WIA) EXPENDITURES BY PROGRAM IDENTIFIER AND YEAR (CONTINUED)

Year Ended December 31, 2011

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, the Schedule of Pennsylvania Department of Public Welfare Expenditures and the Schedule of Workforce Investment Act (WIA) Expenditures by Program Identifier and Year includes the federal and state grant activity of the County of Berks and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Pennsylvania Department of Public Welfare *Single Audit Supplement*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in, the preparation of the financial statements.

Note 3. Basis of Accounting

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

COUNTY OF BERKS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2011

Financial Statement Findings

**Questioned
Costs**

***Finding 10-01:* Material Weakness**

Financial Reporting

N/A

Condition:

During the audit process, various material adjustments were proposed to the County's records by the auditors. These adjustments were necessary to correct the County's recording of accounts payable, capital assets, real estate taxes receivable and deferral, and grants receivable.

There was a significant delay in reconciliation and review of bank statements. In addition, there is no review of the general fund bank statement. Bank statements should be reconciled and reviewed in a timely manner. This process ensures that errors are discovered and corrected promptly.

At the initial time of year-end audit fieldwork, the County was unable to provide detailed information on the balance reported as accounts payable at December 31, 2010. This reconciliation required a significant number of hours by the Controller's office. The County should ensure that subsidiary ledgers are being reconciled to the general ledger on a periodic basis.

At the initial time of year-end audit fieldwork, the County's beginning net assets of governmental activities and business-type activities did not match the prior year financial statements. The County should ensure that all net assets are reconciled to the final audited financial statements.

As a result of the issues noted above, the single audit report, which is due September 2011, was not filed by the due date.

COUNTY OF BERKS

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended December 31, 2011**

Financial Statement Findings (Continued)

**Questioned
Costs**

***Finding 10-01
(Continued):***

Recommendation:

The County should implement systems of reconciliation on a periodic basis and the reconciliations should be reviewed to ensure timeliness, completeness and accuracy. The County should also assign financial statement preparation to an individual that is familiar with Governmental Accounting Standards Board requirements and governmental financial reporting.

Management Response:

The County agrees with this Finding. The over-riding condition that impacted all the deficiencies noted in the condition above was the protracted implementation of the new Oracle financial software that began in January 2009. Manpower, training and reporting issues were dealt with throughout the year along with requirements to process transactions, reconcile accounts and review activity for accuracy and completeness. We fully recognize the need for timeliness in the review and reconciliation of ledger and bank accounts, and have implemented/reinforced new procedures and weekly meetings to address this condition. We are hiring a new Manager of Accounting and Financial Reporting to assume responsibility for financial statement preparation. This individual will be supported by a Certified Governmental Financial Manager and a Certified Public Accountant, both of whom are familiar with governmental financial reporting.

Corrective Action Taken:

Condition did not exist at December 31, 2011. Finding closed as of December 31, 2011.

COUNTY OF BERKS

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended December 31, 2011**

Financial Statement Findings (Continued)

		Questioned Costs
<i>Finding 10-02:</i>	Significant Deficiency	
	Conducting a Capital Asset Inventory	N/A
	<u>Condition:</u>	
	The County has not conducted a physical inventory of capital assets since 2005.	
	<u>Recommendation:</u>	
	The County should inventory its capital assets on an annual basis so that disposals and additions are properly accounted for. The capital assets per the books should reconcile to the inventory of capital assets held by the County's departments. Additionally, capital asset inventory should periodically be compared to insurance policies, to verify the completeness of the inventory.	
	<u>Management Response:</u>	
	The County conditionally agrees with this Finding. While it is imperative that all capital assets be accounted for in the County's capital asset system and reported in the capital asset portion of the government-wide and proprietary fund financial statements, this need must be considered in light of the cost-benefit relationship to taking an annual physical inventory. Surely, the lack of a physical inventory, resulting adjustments and reconciliation to the financial statements and related insurance policies during the five-year period needs to be remedied. We will review the requirements involved in a capital asset physical inventory with all related County departments, and initiate a plan to address this Finding.	
	<u>Corrective Action Taken:</u>	
	Condition did not exist at December 31, 2011. Finding closed as of December 31, 2011.	

COUNTY OF BERKS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED) Year Ended December 31, 2011

Federal and DPW Award Findings

		Questioned Costs
<i>Finding 10-03:</i>	Significant Deficiency	
	Subrecipient Monitoring	N/A
	<p>U. S. Department of Health and Human Services - Passed through the Pennsylvania Department of Labor and Industry - Temporary Assistance for Needy Families (CFDA # 93.558); Passed through the Pennsylvania Department of Public Welfare - Medical Assistance Program (CFDA # 93.778); Passed through the Pennsylvania Department of Aging - Medical Assistance Program (CFDA # 93.778)</p>	
	<p><u>Condition:</u></p> <p>For the Temporary Assistance for Needy Families (TANF) funding, the County did not inform the subrecipient of the CFDA title and number with respect to funding passed through the County to the subrecipient. As a result, the subrecipient incorrectly reported the funding received from the County under the incorrect CFDA title and number. For the Medical Assistance Program funding, the grant agreement between the County and the subrecipient for the Transportation Program did not include language regarding compliance requirements or the requirement for an audit in accordance with OMB Circular A-133. Also, under the Medical Assistance Program funding, the subrecipient did not report year-to-date expenditures to the County to support the payment from the County to the subrecipient during the year.</p>	
	<p><u>Recommendation:</u></p> <p>The County should ensure that each subrecipient agreement is reviewed by supervisory personnel and that language related to the audit requirements under OMB Circular A-133 is included. The County should also ensure that each subrecipient agreement includes documentation regarding the federal funding source, including CFDA number and title. The County should obtain documentation of actual year-to-date expenditures to support the funding remitted by the County to the subrecipient.</p>	

COUNTY OF BERKS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED) Year Ended December 31, 2011

Federal and DPW Award Findings (Continued)

Questioned Costs

Finding 10-03 (Continued):

Management Response:

The County agrees with the noted Finding and, while we believe these are isolated instances, we intend to make the following changes as soon as practical:

- We will modify our MATP subrecipient contracts to include the OMB Circular A-133 audit requirement for entities receiving more than \$ 500,000 of assistance. It should be noted that the subrecipient in question did receive an unqualified audit opinion for their single audit for the period under review.
- We will add to all subrecipient Employment and Training contracts, the CFDA number(s), including estimates of the amount of the budget by CFDA number. In addition, at the conclusion of the contract, we will provide the subrecipient with the listing of the funding they received by CFDA number, including those subrecipients who do not send us an audit confirmation letter.
- We will implement a new policy in MHMR whereby our material subrecipient will be reimbursed based upon actual expenses incurred instead of advance funded.

Corrective Action Taken:

Subrecipient monitoring procedures were changed and condition did not exist at December 31, 2011. Finding closed as of December 31, 2011.

COUNTY OF BERKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2011

Section I - Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified
that are not considered to be (a)
material weakness(es)? Yes X None reported

Noncompliance material to financial
statements noted? Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified
that are not considered to be (a)
material weakness(es)? Yes X None reported

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

Any audit findings disclosed that are required
to be reported in accordance
with Circular A-133, Section .510(a)? Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
14.218 and 14.253	Community Development Block Grant Cluster	\$ 4,221,646

COUNTY OF BERKS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2011**

Section I - Summary of Auditor's Results (Continued):

Federal Awards (Continued):

Identification of major programs (continued):

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$ 522,771
17.258, 17.258 ARRA, 17.259, 17.259 ARRA, 17.260, 17.260 ARRA and 17.278	WIA Cluster	3,097,147
84.181 and 84.393	Early Intervention Services Cluster	590,534
93.558	Temporary Assistance for Needy Families	4,596,138
93.575, 93.596 and 93.713	Child Care Cluster	7,920,449
93.658 and 93.658 ARRA	Foster Care - Title IV - E	5,547,214
93.659 and 93.659 ARRA	Adoption Assistance	2,352,542
93.778	Medicaid Cluster	2,294,950

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,351,237

Auditee qualified as low-risk auditee? Yes X No

COUNTY OF BERKS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2011

Section II – Financial Statement Findings:

None.

COUNTY OF BERKS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2011

Section III – Federal Award Findings and Questioned Costs:

None.