



**W** Warren  
Averett

**JEFFERSON COUNTY COMMISSION**

**SINGLE AUDIT REPORT**

**SEPTEMBER 30, 2021**

**JEFFERSON COUNTY COMMISSION  
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SEPTEMBER 30, 2021**

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

To the Commissioners of  
Jefferson County Commission  
Birmingham, Alabama

**Report on the Audit of the Schedule of Expenditures of Federal Awards**

We have audited the accompanying schedule of expenditures of federal awards (the financial statement) of Jefferson County Commission (the Commission) for the year ended September 30, 2021, and the related notes to the financial statement.

**Management's Responsibility**

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on this financial statement 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 financial statement 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 financial statement.

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

**Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the Commission for the year ended September 30, 2021, in accordance with the basis of accounting described in Note 2.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters related to the schedule of expenditures of federal awards. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance applicable to the schedule of expenditures of federal awards.

*Warren Averett, LLC*

Birmingham, Alabama  
April 29, 2022

**JEFFERSON COUNTY COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures	Contract / Grant Number
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
<b>Direct Programs:</b>					
<b>CDBG - Entitlement Grants Cluster</b>					
Community Development Block Grants / Entitlement Grants	14.218		\$ -	\$ 118,420	B-14-UC-01-0000
Community Development Block Grants / Entitlement Grants	14.218		-	571	B-15-UC-01-0001
Community Development Block Grants / Entitlement Grants	14.218		-	9,210	B-16-UC-01-0001
Community Development Block Grants / Entitlement Grants	14.218		-	154,589	B-17-UC-01-0001
Community Development Block Grants / Entitlement Grants	14.218		-	369,170	B-18-UC-01-0001
Community Development Block Grants / Entitlement Grants	14.218		52,514	386,630	B-19-UC-01-0001
Community Development Block Grants / Entitlement Grants	14.218		4,487	1,224,419	B-20-UC-01-0002
COVID-19 Community Development Block Grants / Entitlement Grants	14.218		-	992,775	
			<u>57,001</u>	<u>3,255,784</u>	
<b>Direct Programs:</b>					
<b>CDBG - Disaster Recovery Grants Cluster</b>					
Hurricane Sandy Community Development Block Grant	14.269		-	313,708	B-12-UT-01-0001
Disaster Recovery Grants	14.269		-	257,547	B-13-US-01-0001
Hurricane Sandy Community Development Block Grant			-	571,255	
Disaster Recovery Grants			891,390	915,855	
Emergency Solutions Grant Program	14.231		-	39,629	E-17-UC-01-0005
Emergency Solutions Grant Program	14.231		-	27,134	E-18-UC-01-0005
Emergency Solutions Grant Program	14.231		-	86,171	E-19-UC-01-0005
Emergency Solutions Grant Program	14.231		-	6,731	E-20-UC-01-0005
Emergency Solutions Grant Program			<u>891,390</u>	<u>1,075,520</u>	
Home Investment Partnerships Program	14.239		-	13,174	M15-UC-01-0202
Home Investment Partnerships Program	14.239		-	16,320	M16-UC-01-0202
Home Investment Partnerships Program	14.239		-	37,858	M17-UC-01-0202
Home Investment Partnerships Program	14.239		-	164,845	M19-UC-01-0202
			<u>-</u>	<u>232,197</u>	

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**JEFFERSON COUNTY COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures	Contract / Grant Number
<b>Passed Through Alabama Department of Economic and Community Affairs (ADECA):</b>					
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	\$ -	\$ 10,810	
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			948,391	5,145,566	
<b>U.S. DEPARTMENT OF JUSTICE</b>					
<b>Direct Programs:</b>					
Drug Court Discretionary Grant Program	16.585		137,689	139,855	2020-VC-BX-0053
Drug Court Discretionary Grant Program	16.585		228,264	239,638	2018-DC-BX-0025
			365,953	379,493	
Comprehensive Opioid, Stimulant and Substance Abuse Program	16.838		195,323	197,608	2020-AR-BX-0138
Comprehensive Opioid, Stimulant and Substance Abuse Program	16.838		284,624	296,082	2018-AR-BX-K013
			479,947	493,690	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		-	66,729	2016-SI-AX-K003
Gulf States Regional Law Enforcement Technology Training and Technical Assistance Initiative	16.843		-	72,130	2020-RZ-BX-0001
Crime Victim Assistance / Discretionary Grants	16.582		-	176,616	2018-V3-GX-0019
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		-	43,376	2020-VD-BX-0191
<b>Passed Through Alabama Department of Economic and Community Affairs (ADECA):</b>					
Project Safe Neighborhoods	16.609	N/A	-	42,815	18-ND-01-008
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			845,900	1,274,849	

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**JEFFERSON COUNTY COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures	Contract / Grant Number
<b>U.S. DEPARTMENT OF LABOR</b>					
Passed Through Alabama Department of Economic and Community Affairs (ADECA):					
Workforce Investment Act (WIOA) Cluster					
WIOA Adult Program	17.258	N/A	\$ 1,119,271	\$ 3,662,831	
WIOA Youth Activities	17.259	N/A	1,200,723	1,728,246	
WIOA Dislocated Worker Formula Grant	17.278	N/A	133,377	1,188,338	
			2,453,371	6,579,415	
			2,453,371	6,579,415	
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>					
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Direct Programs:					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		376,763	389,779	18T181163A-01
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		348,063	351,935	H79TI082946-01
			724,826	741,714	
			724,826	741,714	
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Passed Through Alabama Department of Homeland Security:					
Homeland Security Grant Program	97.067	N/A	-	49,946	EMW-2019-SS-00036
Homeland Security Grant Program	97.067	N/A	-	43,642	EMW-2020-55-00071
Homeland Security Grant Program	97.067	N/A	-	57,500	EMW-2020-55-00071
Homeland Security Grant Program	97.067	N/A	-	26,504	EMW-2020-55-00071
Homeland Security Grant Program	97.067	N/A	-	750	EMW-2019-SS-00036
			-	178,342	
			-	178,342	
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>					

See accompanying notes to the Schedule of Expenditures of Federal Awards.



**JEFFERSON COUNTY COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures	Contract / Grant Number
<b>U.S. DEPARTMENT OF COMMERCE</b>					
Direct Programs:					
Economic Development Cluster					
Economic Adjustment Assistance	11.307		\$ -	\$ 1,035,967	
Economic Adjustment Assistance	11.307		-	370,003	04-39-03391.02
			-	1,405,970	
			-	1,405,970	
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>				<b>1,405,970</b>	
<b>U.S. DEPARTMENT OF TREASURY</b>					
Direct Programs:					
COVID-19 Coronavirus Relief Fund	21.019		4,632,735	37,892,774	FAIN SLT0106
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		-	152,949	FAIN SLFRP1176
COVID-19 Emergency Rental Assistance Program	21.023		10,761,961	10,783,023	FAIN ERA0356
			15,394,696	48,828,746	
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>				<b>48,828,746</b>	
<b>ELECTION ASSISTANCE COMMISSION</b>					
Passed Through The State of Alabama					
COVID-19 Help America Vote Act Requirements Payments	90.401	N/A	-	982,369	
			-	982,369	
<b>TOTAL ELECTION ASSISTANCE COMMISSION</b>				<b>982,369</b>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 20,367,184</b>	<b>\$ 65,136,971</b>	

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**JEFFERSON COUNTY COMMISSION  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2021**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the financial statement) summarizes the expenditures of the Jefferson County Commission (the Commission) under programs of the federal government for the year ended September 30, 2021. The information in the financial statement 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 financial statement presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

For purposes of the financial statement, expenditures for federal awards programs are recognized on the modified accrual basis of accounting. Such expenditures 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. FEDERAL PASS-THROUGH FUNDS**

The Commission is a subrecipient of federal funds which have been subject to testing and are reported as expenditures and listed as federal pass-through funds in the financial statement.

**4. INDIRECT COST RATE**

The Commission has elected not to use the ten percent de minimis cost rate allowed under the Uniform Guidance.

**5. OTHER**

The Commission issues loans through the Workforce & Economic Development Office for eligible recipients. The following loans were outstanding as of September 30, 2021:

	<b>Federal Assistance Listing Number</b>	<b>Loan Outstanding</b>	<b>Less Allowance for Doubtful Accounts</b>	<b>Net Loans Outstanding</b>
Economic Development Administration	11.307	\$ 1,687,612	\$ 207,402	\$ 1,480,210
Community Development Block Grants / Entitlement Grants	14.218	1,285,545	686,692	598,853
Home Investment Partnerships Program	14.239	15,020,431	10,671,711	4,348,720

**INDEPENDENT AUDITORS' 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 Commissioners of  
Jefferson County Commission  
Birmingham, Alabama

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 schedule of expenditures of federal awards (the financial statement) of the Jefferson County Commission (the Commission), for the year ended September 30, 2021, and the related notes to the schedule of expenditures of federal awards, and have issued our report thereon dated April 29, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 statement 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. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statement is 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 financial statement. 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*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Warren Averett, LLC*

Birmingham, Alabama

April 29, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Commissioners of  
Jefferson County Commission  
Birmingham, Alabama

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

We have audited Jefferson County Commission's (the Commission) 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 Commission's major federal programs for the year ended September 30, 2021. The Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Commission'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 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 Commission'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 Commission's compliance.

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

In our opinion, the Commission 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 year ended September 30, 2021.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter. The Commission's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the Commission 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 Commission'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 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 Commission'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 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.

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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

The Commission's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the 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.

*Warren Averett, LLC*

Birmingham, Alabama  
April 29, 2022

**JEFFERSON COUNTY COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

***Financial Statement***

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____ none reported
Noncompliance material to financial statement noted?	_____	yes	_____ <u>X</u> _____ no

***Federal Awards***

Internal control over major programs:			
Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ <u>X</u> _____	yes	_____ _____ none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ <u>X</u> _____	yes	_____ _____ no

Identification of major programs and type of auditors' report issued on compliance for major programs:

Federal Program	Federal Assistance Listing No.	Opinion Type
COVID-19 Emergency Rental Assistance Program	21.023	Unmodified
Community Development Block Grants / Entitlement Grants	14.218	Unmodified
COVID-19 Coronavirus Relief Fund	21.019	Unmodified
Dollar threshold used to distinguish between Type A and Type B program:	\$ 1,954,109	
Auditee qualified as low-risk auditee?	_____	yes      _____ <u>X</u> _____ no

See independent auditors' report on the Schedule of Expenditures of Federal Awards



**JEFFERSON COUNTY COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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**SECTION II – FINANCIAL STATEMENT FINDINGS SECTION**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statement that are required to be reported in accordance with *Government Auditing Standards*.

None noted.

**JEFFERSON COUNTY COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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**SECTION III – FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS SECTION**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the major federal programs that are required to be reported in accordance with the Uniform Guidance.

**Finding 2021-001 – Subrecipient Monitoring – Significant Deficiency**

**Information on the Federal Program:** COVID-19 Coronavirus Relief Fund, Assistance Listing #21.019

**Criteria:** 2 CFR 200.302(b)(1) of the Uniform Guidance states that a nonfederal entity must identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. The Uniform Guidance also requires federal expenditures to be recorded properly and timely to ensure accuracy and completeness of the expenditure amounts reported on the schedule of expenditures of federal awards (SEFA).

2 CFR 200.332 requires pass-through entities follow certain requirements with respect to subrecipients. A summary of the requirements includes (1) subawards include certain required information, (2) the pass-through entity performs a risk assessment over each subrecipient, (3) imposing specific subaward conditions upon a subrecipient if appropriate, (4) monitor the activities of the subrecipient, (5) perform additional monitoring if necessary based on the risk assessment, (6) verify each subrecipient is audited if the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the single audit threshold, (7) consider the results of the subrecipient's audits, on-site reviews or other monitoring, and (8) take enforcement action against noncompliant subrecipients if necessary.

**Condition:** During the audit, revisions were made to the SEFA to correct expenditures passed through to subrecipients that were not accurately reported. These revisions impacted the total federal expenditures reported on the SEFA and the major program determination.

In addition, of the five subrecipients selected for testing, we noted the following:

- 1) All five agreements with the subrecipients did not clearly contain the Assistance Listing number and name, subrecipients' unique entity identifier or the federal award date.
- 2) A risk assessment was not formally documented for subrecipients.
- 3) While the Commission has a process in place to approve all expenditures prior to disbursement, there was no formal documentation of the review retained by the Commission. Additionally, an on-site review of the subrecipients was not performed and financial and programmatic reports were not provided to the Commission for review.
- 4) The Commission did not verify that every subrecipient received a Single Audit when applicable. No review of Single Audits was performed by the Commission.

**Cause:** Program managers, Department of Finance or other Commission personnel are responsible to ensure accurate information is reported as federal expenditures on the SEFA. Due to the decentralized nature of grant management within the Commission's departments and divisions that receive federal assistance, amounts may not be accurately or completely reported. Additionally, the Commission's policies and procedures were not properly aligned with the requirements applicable to subrecipients.

**JEFFERSON COUNTY COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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**Effect:** The lack of effective internal controls over the preparation of the SEFA could result in the inaccurate reporting of the Commission's expenditures as reported on the SEFA. The Commission is not in compliance with Federal requirements as outlined in 2 CFR 200.302(b)(1) and 2 CFR 200 Section 200.332 related to subrecipient monitoring.

**Questioned Costs:** N/A

**Context:** At the time of audit, subrecipient expenditures were misstated for two of the major programs. Total Federal expenditures for the Coronavirus Relief Fund were \$37,892,774 for the year ended September 30, 2021. Total subrecipient expenditures for the year ended September 30, 2021 were \$4,632,735.

**Repeat Finding:** No.

**Auditors' Recommendation:** As part of an effective internal control system, we recommend that the Commission develop procedures to ensure that all information included in the SEFA is correctly reported. We also recommend that the Commission update policies and procedures to ensure that all required elements are communicated to subrecipients at the time subawards are made or in subsequent subaward modifications if data elements change. Further, the Commission should ensure that risk assessments related to subrecipients and monitoring of subrecipients are formally documented.

**Views of Responsible Officials:** See Management's Response and Corrective Action Plan included at the end of the report.

## JEFFERSON COUNTY COMMISSION



JAMES A. (JIMMIE) STEPHENS - President  
LASHUNDA SCALES - President Pro-Tempore  
STEVE AMMONS  
JOE KNIGHT  
SHEILA TYSON

**Cal Markert**  
County Manager

**FINANCE DEPARTMENT**  
ANGELA M. DIXON, CPA  
Chief Financial Officer  
716 Richard Arrington, Jr. Blvd. N.  
Birmingham, Alabama 35203

### Jefferson County Commission Corrective Action Plan Year Ended September 30, 2021

**Finding:** 2021-001 – Subrecipient Monitoring

**Status:** Partially Complete

#### **Management's Corrective Action Plan:**

The Jefferson County Commission concurs with the finding. The Finance Department will conduct additional training on year end closeout processes to ensure grant activities are properly reflected in the Schedule of Expenditures of Federal Awards (SEFA). Preparation of the SEFA will be centralized in the Finance department and quality control measures will be implemented to ensure the SEFA is properly reviewed and approved in a timely manner. To properly address subrecipient monitoring, Jefferson County will determine, during the program design phase, if there is a sub-recipient, beneficiary, or contractor relationship. Once that determination is made, contracts will be drafted to include all required data elements. Subrecipient expenditures incurred will be analyzed to determine the level of monitoring required based upon the assessment of the risk of non-compliance with the grant requirements. The results of the assessment as well as any documentation obtained to demonstrate compliance with grant requirements will be included as part of the subrecipient's files and will be available for any future audits. The County and its consultant, Witt O'Brien's, will also draft and utilize a monitoring plan to ensure compliance with 2 CFR 200.332 for any applicable grants.

**Responsible Party:** Angela M. Dixon, Chief Financial Officer

**Expected Completion Date:** September 30, 2022

