



cutting through complexity

CalOSHA Federal Compliance Audit Exit Conference

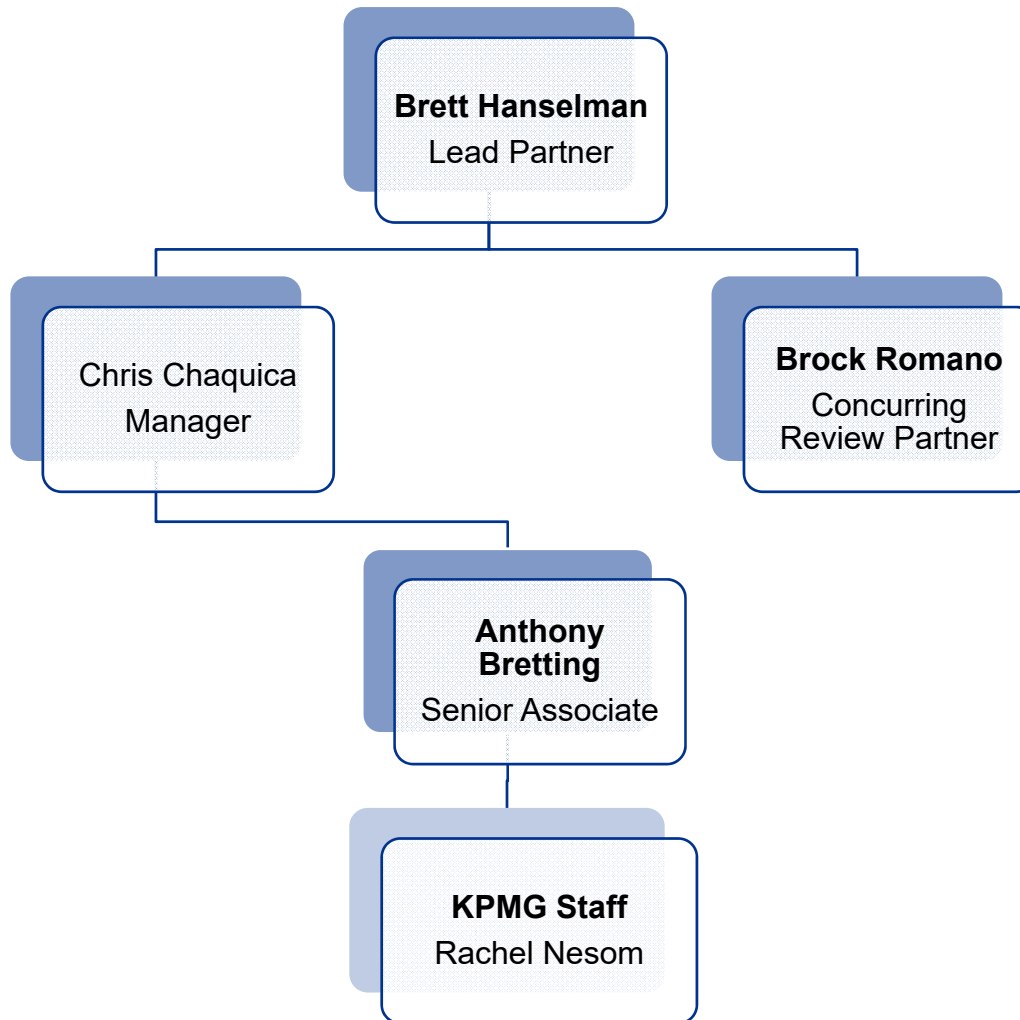
1/15/2015

Department of Industrial Relations

Agenda

- Introductions
- Audit Findings
 - Overview
 - Definitions and Impact on Opinion
- Other Matters
- Next Steps
- Contact Information

KPMG Engagement Team



California Department of Industrial Relations: Programs Audited for 2014

Program	CFDA #
California Occupational Safety and Health Administration (CalOSHA)	17.503

Audit Findings Overview

- Current year findings:
 - No current year findings noted

Audit Finding Definitions: Internal Control Findings

Under section .510 of Circular A-133, we report in the Schedule of Findings and Questioned Costs all significant deficiencies and material weaknesses in internal control over compliance with major programs:

- A significant deficiency
 - is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

- A material weakness
 - is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

***The severity of a control deficiency
depends on the potential for noncompliance,
not on whether noncompliance actually has occurred.***

Audit Finding Definitions: Compliance Findings

- As stated in section .510(a)(2) of Circular A-133, any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program should be included in the Schedule of Findings and Questioned Costs.
- The determination of materiality is in relation to each compliance requirement tested for each major program or an audit objective identified in the Compliance Supplement.

Compliance Findings are either Instances of Noncompliance or Material Instances of Noncompliance

Findings Impact on Audit Opinion

Unqualified Opinion

- No Findings
- Or Findings Classified As:
 - Significant Deficiency
 - Instance of Non-Compliance

Qualified Opinion

- Findings Classified As:
 - Material Weakness
 - Material Instance of Non-Compliance

Scope Limitation

- A restriction on the audit that does not allow the auditor to complete all aspects of the audit procedures.
- Caused by the client or issues beyond the control of the client.

Adverse

- Excessive Findings of Material Weakness and/or Material Instances of Non-Compliance

Other Matters

- Final Fraud Inquires
 - Engagement team discussed with selected members of management
- Federal OSHA Financial Inquiry Report
 - Engagement team discussed with management and is not aware of any new information
- Reclassification of Federal and State Expenditures
- Corrective Action Plan
 - Not applicable as no findings identified

Next Steps

- Make final subsequent events inquiries prior to issuance of our reports.
- Issue Statewide A-133 Report and Report on Schedule of Expenditures of Federal Awards
 - Issue date to be determined but sometime in March 2015

Thank You!

KPMG Contact Information

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