



*cutting through complexity*

# CalOSHA Federal Compliance Audit Exit Conference

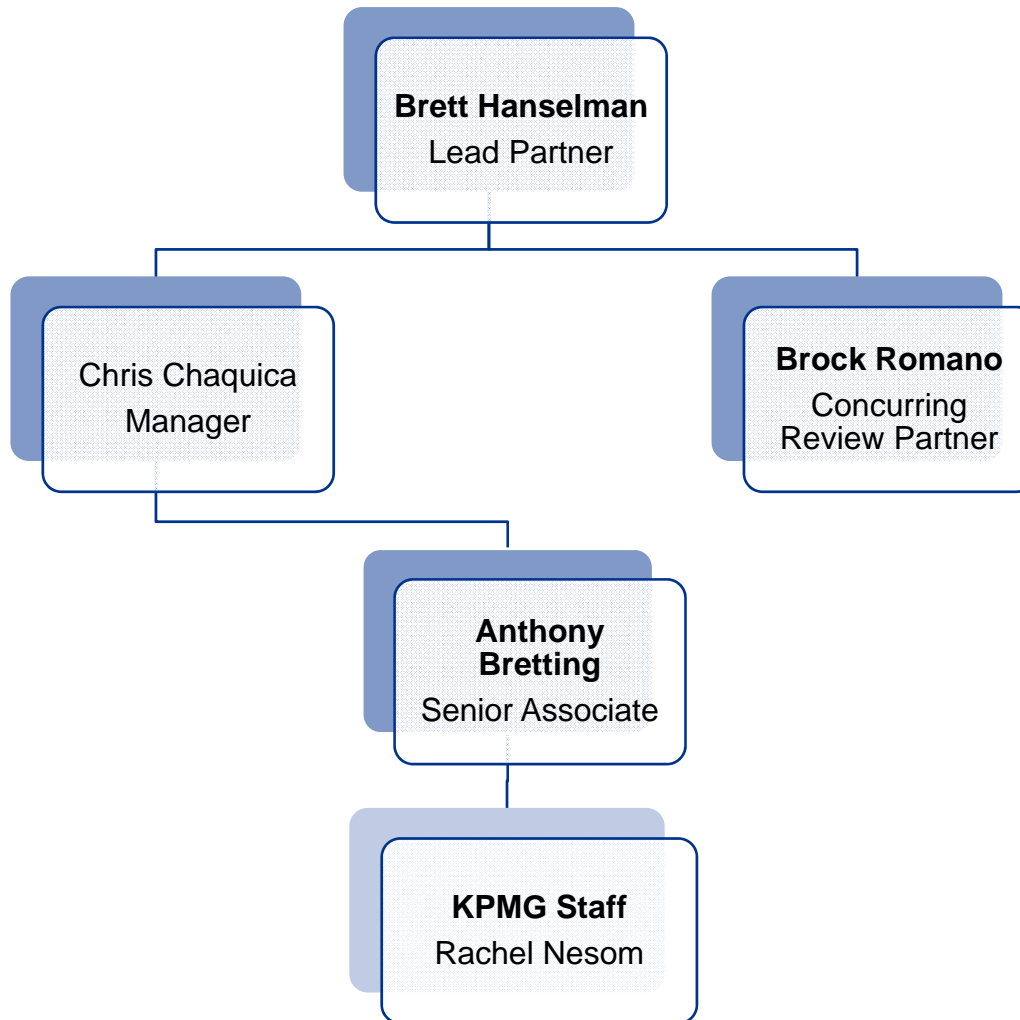
1/15/2015

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!**

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