

**MEMORANDUM**  
**PLACER COUNTY AUDIT COMMITTEE**

**TO:** Honorable Board of Supervisors  
**FROM:** Wayne Nader, Chair, Placer County Audit Committee *WNS*  
**DATE:** July 10, 2012  
**SUBJ:** Annual Report

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**ACTION REQUESTED**

Receive the Annual Report of the Placer County Audit Committee (Committee).

**BACKGROUND**

In May 2008, your Board created the Placer County Audit Committee primarily in response to new auditing standards issued by the American Institute of Certified Public Accountants. For fiscal year 2011-12, members of the Committee were Supervisor Jim Holmes, Supervisor Jack Duran and Wayne Nader, public member.

The purpose of the Committee is to assist your Board in fulfilling your oversight responsibilities by monitoring the financial reporting process, the overall systems of internal control and risk mitigation, compliance with laws and regulations, and the independence and performance of the County's internal and external auditors. To that end, the Committee is required to present annually to the full Board a written report of how it has discharged its duties and met its responsibilities.

**REPORT**

Over the past year the Committee met four times. At those meetings, Macias, Gini & O'Connell LLP, the external auditors, met with the Committee to discuss the audits being performed of the County: the First 5 Commission, the Redevelopment Agency, Air Pollution Control District, Mosquito and Vector Control District, Tahoe Area Regional Transit, Western Placer Waste Management Authority, Golden Sierra Job Training Agency, and the Treasury Review Panel for the fiscal year ended June 30, 2011. Those discussions included information regarding the scope and timing of the audits, their understanding of the County's internal controls, significant accounting policies and their affect on the financial statements, and management's use of estimates in the financial statements. Macias, Gini & O'Connell LLP also reported that there were no serious difficulties encountered in performing the audits, no

disagreements with management and no significant adjustments or disclosures not reflected in the financial statements.

The Committee reviewed and commented on the FY 2011-12 Audit Plan for the Internal Audit Division of the Auditor-Controller's Office.

The Internal Audit Manager apprised the Committee of audit projects completed and in process and the resulting findings and recommendations. Projects included, but were not limited to, the following:

- Countywide tool reimbursement claims review
- Countywide boots reimbursement claims review
- Countywide cash handling review
- Annual inventory reviews
- Credit card reviews (monthly monitoring and departmental audits)
- Quarterly Treasury reviews
- Confidential documents reviews
- Department head change audits
- District Attorney grant audit
- Six month follow-up reviews
- Countywide payroll/time entry review (and monthly monitoring)
- Transient Occupancy Tax reviews
- Workers' compensation third party administrator review

### **CONCLUSION**

Based on the conversations with Macias, Gini and O'Connell LLP and Auditor-Controller Management, the Committee believes that the County's system of internal controls is in place and operating effectively and its financial reporting processes are adequate to ensure the financial statements fairly present its financial position.

Copies of the County's Comprehensive Annual Financial Report have previously been submitted to your Board. Copies of the County's Single Audit Report are included in this packet for your review. In addition, copies of all other audit reports issued by Macias, Gini and O'Connell or the Internal Audit Division have been presented to the Audit Committee and are available to the full Board upon request.

**COUNTY OF PLACER, CALIFORNIA**

Single Audit Reports  
(OMB Circular A-133)

For the Fiscal Year Ended June 30, 2011

**Certified Public Accountants.**

**COUNTY OF PLACER, CALIFORNIA  
SINGLE AUDIT REPORTS  
(OMB CIRCULAR A-133)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**COUNTY OF PLACER, CALIFORNIA**

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>			
<b>Direct:</b>			
Lake Tahoe Erosion Control Grant Program	10.690	--	\$ 1,205,041
<b>Passed through State Department of Food and Agriculture:</b>			
ARRA - Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0688	14,008
<b>Passed through State Department of Education:</b>			
National School Lunch Program	10.555	--	65,657
<b>Passed through State Department of Public Health:</b>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	07-65036	1,200,124
<b>Passed through State Department of Social Services:</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	63	3,035,053
ARRA - State Administrative Matching Grants for the SNAP	10.561	63	197,601
<b>Subtotal - Supplemental Nutrition Assistance Program Cluster</b>			<b>3,232,654</b>
Passed through subtotal			4,512,443
<b>Total U.S. Department of Agriculture</b>			<b>5,717,484</b>
<b><u>U.S. Department of Defense, Army Corps of Engineers</u></b>			
<b>Direct:</b>			
Design and Construction Assistance - Wastewater Treatment Plant	12.unknown	134092	343,684
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Passed through County of Sacramento:</b>			
Housing Opportunities for Persons with AIDS	14.241	PLA-01-10; PLA-01-11	39,847
<b>Passed through State Department of Housing and Community Development:</b>			
Community Development Block Grants/Entitlement Grants	14.218	09-NSPI-6261	529,428
Community Development Block Grants/Entitlement Grants	14.218	09-STBG-6412	64,701
Community Development Block Grants/Entitlement Grants	14.218	07-EDOC-3767	1,055,948
Community Development Block Grants/Entitlement Grants	14.218	10-STBG-6733	17,364
<b>Subtotal - Community Development Block Grants/Entitlement Grants</b>			<b>1,667,441</b>
Home Investment Partnerships Program	14.239	08-HOME-4713	67,270
Home Investment Partnerships Program	14.239	10-HOME-6345	7,637
Home Investment Partnerships Program	14.239	10-HOME-6733	131,963
<b>Subtotal - Home Investment Partnerships Program</b>			<b>206,870</b>
Section 8 Housing Choice Vouchers	14.871	CA 149	2,163,955

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development (Continued)</u></b>			
<b>Passed through State Department of Mental Health:</b>			
Supportive Housing Program	14.235	CA0285B9T150801	281,781
Shelter Plus Care	14.238	CA01C415001	247,391
<b>Total U.S. Department of Housing and Urban Development</b>			<b>4,607,285</b>
<b><u>U.S. Department of the Interior</u></b>			
<b>Direct:</b>			
Secure Rural Schools and Community Self-Determination	15.234	HR2389	93,325
Fish and Wildlife Coordination Act	15.517	N/A	316,980
<b>Passed through State Department of Transportation:</b>			
Southern Nevada Public Land Management	15.235	STPLER-5919 (054)	989,653
<b>Total U.S. Department of the Interior</b>			<b>1,399,958</b>
<b><u>U.S. Department of Justice</u></b>			
<b>Direct:</b>			
Public Safety Partnership and Community Policing Grants	16.710	2004CKWX0050	121,825
Public Safety Partnership and Community Policing Grants	16.710	2005CKWX0065	32,616
<b>Subtotal - Public Safety Partnership and Community Policing Grants</b>			<b>154,441</b>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1383	8,815
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-SB-B9-0679	77,626
<b>Subtotal - Edward Byrne Memorial Justice Assistance Grant Program</b>			<b>86,441</b>
Direct subtotal			240,882
<b>Passed through California Emergency Management Agency:</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MS10010310	235,472
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC10210310	194,728
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZA09010310	234,162
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZO09010310	197,094
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZP09010310	312,237
<b>Subtotal - Edward Byrne Memorial Justice Assistance Grant Program</b>			<b>1,173,693</b>
<b>Crime Victim Assistance:</b>			
Victim Witness Program	16.575	VW10280310	93,471
Special Emphasis Program	16.575	SE09120310	27,501
<b>Subtotal - Crime Victim Assistance</b>			<b>120,972</b>
Passed through subtotal			1,294,665
<b>Total U.S. Department of Justice</b>			<b>1,535,547</b>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Labor</u></b>			
<b>Passed through Golden Sierra Job Training Agency:</b>			
ARRA - Workforce Investment Act (WIA) Dislocated Workers Formula Grants	17.278	K178658	49,521
<b><u>U.S. Department of Transportation</u></b>			
<b>Direct:</b>			
Federal Transit - Capital Investment Grants (Section 5309)	20.500	CA-03-8040	66,803
Federal Transit - Capital Investment Grants (Section 5309)	20.500	CA-03-0560	404,187
Federal Transit - Formula Grants (Section 5307)	20.507	CA-90-Y046	100,000
Federal Transit - Formula Grants (Section 5307)	20.507	CA-90-Y922	531,590
ARRA - Federal Transit - Formula Grants (Section 5307)	20.507	CA-90-X054	194,236
<b>Subtotal - Federal Transit Cluster</b>			<b>1,296,816</b>
Paul S. Sarbanes Transit in the Parks	20.520	CA-20-X006	109,066
Direct subtotal			<b>1,405,882</b>
<b>Passed through State Department of Transportation:</b>			
Highway Planning and Construction	20.205	03-5919	19,031,756
ARRA - Highway Planning and Construction	20.205	03-5919	2,110,412
<b>Subtotal - Highway Planning and Construction</b>			<b>21,142,168</b>
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	640156	147,035
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	640157	40,862
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	P161-10-802	182,514
ARRA - Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	641900	1,022,607
ARRA - Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	649871	57,424
ARRA - Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	649872	13,957
ARRA - Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	P401-09-802	60,280
<b>Subtotal - Formula Grants for Other than Urbanized Areas</b>			<b>1,524,679</b>
<b>Passed through State Office of Traffic Safety:</b>			
State and Community Highway Safety	20.600	AL0962	67,421
Passed through subtotal			<b>22,734,268</b>
<b>Total U.S. Department of Transportation</b>			<b>24,140,150</b>
<b><u>National Endowment for the Arts</u></b>			
<b>Passed through State Library:</b>			
Grants to States	45.310	40-7660	4,464
<b><u>U.S. Environmental Protection Agency</u></b>			
<b>Direct:</b>			
Surveys, Studies, Investigations and Special Purpose Grant	66.606	XP-98968901	627,695
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T42601-0	282,270
<b>Passed through State Water Resources Control Board:</b>			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	C-06-6430-110	2,193,269
<b>Total U.S. Environmental Protection Agency</b>			<b>3,103,234</b>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Energy</u></b>			
<b>Direct:</b>			
Regional Biomass Energy Programs	81.079	DE-FG36-88GO88026	<u>457,599</u>
<b>Passed through State Energy Commission:</b>			
State Energy Program	81.041	400-10-004-01	<u>162,161</u>
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	CBG-09-006	<u>34,610</u>
<b>Total U.S. Department of Energy</b>			<u><b>654,370</b></u>
<b><u>U.S. Department of Education</u></b>			
<b>Passed through State Department of Alcohol and Drug Programs:</b>			
Special Education - Grants to States	84.027	04-14468-1031-01	<u>1,074,778</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	SDF 03-10	<u>18,806</u>
<b>Total U.S. Department of Education</b>			<u><b>1,093,584</b></u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Direct:</b>			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	5U79 SM57070-04/05	<u>437,939</u>
Drug-Free Communities Support Program Grants	93.276	IH79SP015810-01	<u>91,640</u>
Direct subtotal			<u><b>529,579</b></u>
<b>Passed through California Family Health Council:</b>			
Family Planning Services	93.217	3003-5320-71209-10	<u>114,182</u>
<b>Passed through Department of Child Support Services:</b>			
Child Support Enforcement (Title IV-D)	93.563	--	3,970,906
ARRA - Child Support Enforcement (Title IV-D)	93.563	--	<u>156,276</u>
Subtotal - Child Support Enforcement (Title IV-D)			<u><b>4,127,182</b></u>
<b>Passed through State Department of Social Services:</b>			
Guardianship Assistance	93.090	63	<u>1,223</u>
Promoting Safe and Stable Families	93.556	63	<u>51,950</u>
Temporary Assistance for Needy Families (TANF) - Admin	93.558	63	10,275,558
Temporary Assistance for Needy Families (TANF) - Direct	93.558	63	4,836,986
ARRA - Emergency Contingency Fund for TANF State Program	93.714	63	<u>492,045</u>
Subtotal - TANF Cluster			<u><b>15,604,589</b></u>
Refugee and Entrant Assistance - State Administered Programs	93.566	63	<u>12,124</u>
Community-Based Child Abuse Prevention Grants	93.590	63	<u>21,224</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	63	<u>313,052</u>
Foster Care (Title IV-E) - Administration	93.658	63	3,275,581
Foster Care (Title IV-E) - Direct	93.658	63	1,485,727
ARRA - Foster Care (Title IV-E) - Direct	93.658	63	<u>72,356</u>
Subtotal - Foster Care (Title IV-E)			<u><b>4,833,664</b></u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Health and Human Services (Continued)</u></b>			
Adoption Assistance - Administration	93.659	63	193,449
Adoption Assistance - Direct	93.659	63	1,969,051
ARRA - Adoption Assistance	93.659	63	162,987
<b>Subtotal - Adoption Assistance</b>			<u>2,325,487</u>
Social Services Block Grant	93.667	63	894,351
Chafee Foster Care Independence Program	93.674	63	110,308
<b>Passed through State Department of Community Services and Development:</b>			
Community Services Block Grant	93.569	11F-4233	107,826
Community Services Block Grant	93.569	10F-4033	114,655
ARRA - Community Services Block Grant	93.710	09F-5133	164,217
<b>Subtotal - Community Services Block Grant Cluster</b>			<u>386,698</u>
<b>Passed through State Department of Alcohol and Drug Programs:</b>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	--	1,702,753
<b>Passed through State Department of Mental Health:</b>			
Projects for Assistance in Transition from Homelessness	93.150	--	42,219
Block Grants for Community Mental Health Services	93.958	--	686,330
<b>Passed through State Department of Health Care Services:</b>			
Medical Assistance Program - Administration	93.778	63	5,920,397
<b>Passed through State Department of Public Health:</b>			
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	10-95231	12,915
Maternal and Child Health Service Block Grant to the States	93.994	10-95231	545,083
Adolescent Family Life Demonstration Projects	93.995	10-95231	157,909
Bioterrorism Training and Curriculum Development Program	93.996	EPO 08-31	1,541,534
<b>Passed through the County of Sacramento:</b>			
HIV Emergency Relief Project Grants	93.914	7275-07/12-706 A-4	147,175
Passed through subtotal			<u>39,552,349</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>40,081,928</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<b>Passed through Loomis Fire Protection District:</b>			
Assistance to Firefighters Grant	97.044	--	404,200
<b>Passed through California Emergency Management Agency:</b>			
Pre-Disaster Mitigation Competitive Program	97.017	2005-0011	1,404
Emergency Management Performance Grants	97.042	2010-0044	183,641
Emergency Management Performance Grants	97.042	2009-0015	7,000
<b>Subtotal - Emergency Management Performance Grants</b>			<u>190,641</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Homeland Security (Continued)</u></b>			
State Homeland Security Program (SHSP)	97.073	2009-0019	382,313
State Homeland Security Program (SHSP)	97.073	2008-0006	378,385
State Homeland Security Program (SHSP)	97.073	2010-0085	109,887
<b>Subtotal - State Homeland Security Program (SHSP)</b>			<u>870,585</u>
Buffer Zone Protection Program	97.078	2008-BZ-T8-0008	21,273
<b>Total U.S. Department of Homeland Security</b>			<u>1,488,103</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 84,219,312</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

Note 1: Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the County of Placer (the County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA. Expenditures funded by the American Recovery and Reinvestment Act of 2009 are denoted by the prefix "ARRA" in the federal program title.

Note 2: Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for program expenditures accounted for in governmental funds and the accrual basis of accounting for expenditures accounted for in proprietary funds, as described in Note 1 of the County's basic financial statements.

Note 3: Relationship to Financial Statements

Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the County's basic financial statements.

Note 4: Catalog of Federal Domestic Assistance (CFDA)

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 5: Pass-Through Entities' Identifying Number

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Note 6: Program Totals

The SEFA does not summarize programs that cross agency funding. The following summarizes those programs that cross agency funding:

<b>CFDA No.</b>	<b>Program Name</b>	<b>Pass-Through Agency</b>	<b>Amount</b>
16.738	Edward Byrne Memorial Justice Assistance Grant Program	N/A Direct	\$ 8,815
16.738	ARRA- Edward Byrne Memorial Justice Assistance Grant Program	N/A Direct	77,626
16.738	Edward Byrne Memorial Justice Assistance Grant Program	California Emergency Management Agency	430,200
16.804	ARRA- Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	California Emergency Management Agency	<u>743,493</u>
	<b>Justice Assistance Grant Program Cluster</b>		<b><u>\$ 1,260,134</u></b>

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Note 7: California Emergency Management Agency (CalEMA) Grants

The following represents expenditures for the CalEMA programs for the fiscal year ended June 30, 2011. The amounts reported in the SEFA are determined by calculating the federal portion of the current year expenditures.

Program	Total	Expenditures Incurred For the Fiscal Year Ended June 30, 2011		
		Federal Share	State Share	County Share
<u>DC10210310 - Anti-Drug Enforcement</u>				
Personal services	\$ 159,601	\$ 159,601	\$ -	\$ -
Operating expenses	35,127	35,127	-	-
Totals	<u>\$ 194,728</u>	<u>\$ 194,728</u>	<u>\$ -</u>	<u>\$ -</u>
<u>SE09120310 - Special Emphasis Victim Assistance</u>				
Personal services	\$ 36,828	\$ 27,501	\$ -	\$ 9,327
Operating expenses	1,780	-	-	1,780
Totals	<u>\$ 38,608</u>	<u>\$ 27,501</u>	<u>\$ -</u>	<u>\$ 11,107</u>
<u>MS10010310 - Marijuana Suppression Project</u>				
Personal services	\$ 164,789	\$ 164,789	\$ -	\$ -
Operating expenses	39,228	39,228	-	-
Equipment	31,455	31,455	-	-
Totals	<u>\$ 235,472</u>	<u>\$ 235,472</u>	<u>\$ -</u>	<u>\$ -</u>
<u>VW10280310 - Victim Witness Assistance</u>				
Personal services	\$ 198,495	\$ 93,471	\$ 105,024	\$ -
<u>VB08060310 - Child Abuser Vertical Prosecution</u>				
Personal services	\$ 54,158	\$ -	\$ 54,158	\$ -

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Note 7: California Emergency Management Agency (CalEMA) Grants (continued)

Program	Total	Expenditures Incurred For the Fiscal Year Ended June 30, 2011		
		Federal Share	State Share	County Share
<u>ZA09010310 - ADA Enforcement Team Recovery Act Program</u>				
Personal services	\$ 26,248	\$ 26,248	\$ -	\$ -
Operating expenses	202,351	202,351	-	-
Equipment	5,563	5,563	-	-
Totals	<u>\$ 234,162</u>	<u>\$ 234,162</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ZO09010310 - Placer Offender Treatment Program</u>				
Personal services	\$ 25,376	\$ 25,376	\$ -	\$ -
Operating expenses	171,718	171,718	-	-
Totals	<u>\$ 197,094</u>	<u>\$ 197,094</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ZP09010310 - Evidence Based Probation Supervision Program</u>				
Personal services	\$ 299,623	\$ 299,623	\$ -	\$ -
Operating expenses	12,614	12,614	-	-
Totals	<u>\$ 312,237</u>	<u>\$ 312,237</u>	<u>\$ -</u>	<u>\$ -</u>

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Note 8: Community Services Block Grants

The Department of Community Services and Development (CSD) of the State of California Health and Human Services Agency requires agencies that receive CSD funding to include with the single audit report certain revenue, expenditure, and budgetary information for each CSD award.

The following represents revenues and expenditures for the CSD contract number 09F-5133 for the fiscal year ended June 30, 2011.

	Actual		Totals	Total Budget
	July 1, 2009 through June 30, 2010	July 1, 2010 through September 30, 2010		
<u>Revenue</u>				
Grant Revenue	\$ 61,475	\$ 164,217	\$ 225,692	\$ 226,121
<u>Expenditures</u>				
Personnel Costs:				
Salaries and wages	\$ 24,387	\$ 27,775	\$ 52,162	\$ 54,222
Fringe benefits	8,795	10,417	19,212	37,641
Total Personnel Costs	33,182	38,192	71,374	91,863
Non-Personnel Costs:				
Operating expenses and supplies	3,361	1,354	4,715	2,500
Subcontractors	24,932	124,671	149,603	131,758
Total Non-Personnel Costs	28,293	126,025	154,318	134,258
Total Costs	\$ 61,475	\$ 164,217	\$ 225,692	\$ 226,121

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Note 8: Community Services Block Grants (continued)

The following represents revenues and expenditures for the CSD contract number 10F-4033 for the fiscal year ended June 30, 2011.

	<u>Actual</u> January 1, 2010 through June 30, 2010	<u>Actual</u> July 1, 2010 through December 31, 2010	<u>Totals</u>	<u>Budget</u>
<u>Revenue</u>				
Grant Revenue	\$ 131,107	\$ 114,655	\$ 245,762	\$ 257,060
<u>Expenditures</u>				
Personnel Costs:				
Salaries and wages	\$ 16,429	\$ 13,132	\$ 29,561	\$ 34,984
Fringe benefits	9,285	6,687	15,972	17,993
Total Personnel Costs	<u>25,714</u>	<u>19,819</u>	<u>45,533</u>	<u>52,977</u>
Non-Personnel Costs:				
Operating expenses and supplies	1,578	791	2,369	11,701
Subcontractors	103,815	94,045	197,860	192,382
Total Non-Personnel Costs	<u>105,393</u>	<u>94,836</u>	<u>200,229</u>	<u>204,083</u>
Total Costs	<u>\$ 131,107</u>	<u>\$ 114,655</u>	<u>\$ 245,762</u>	<u>\$ 257,060</u>

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Note 8: Community Services Block Grants (continued)

The following represents revenues and expenditures for the CSD contract number 11F-4233 for the fiscal year ended June 30, 2011.

	<u>Actual</u> July 1, 2010 through December 31, 2010	<u>Budget</u>
<u>Revenue</u>		
Grant Revenue	\$ 107,826	\$ 257,060
<u>Expenditures</u>		
Personnel Costs:		
Salaries and wages	\$ 18,835	\$ 35,300
Fringe benefits	9,921	18,804
Total Personnel Costs	<u>28,756</u>	<u>54,104</u>
Non-Personnel Costs:		
Operating expenses and supplies	2,367	9,097
Subcontractors	76,703	193,859
Total Non-Personnel Costs	<u>79,070</u>	<u>202,956</u>
Total Costs	<u>\$ 107,826</u>	<u>\$ 257,060</u>

**COUNTY OF PLACER, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2011

Note 9: Subrecipients

Of the federal expenditures presented in the SEFA, the County provided federal awards to subrecipients under the following CFDA Numbers:

<u>CFDA Number</u>	<u>Program/Cluster Name</u>	<u>Amount</u>
14.241	Housing Opportunities for Persons with AIDS	\$ 39,847
16.738	Edward Byrne Memorial Justice Assistance Grant Program	60,101
20.500/20.507	Federal Transit Cluster	230,297
93.569	Community Services Block Grant	170,666
93.710	ARRA - Community Services Block Grant	124,671
93.714	ARRA - Emergency Contingency Fund for TANF State Program	492,045
93.914	HIV Emergency Relief Project Grants	147,175
97.073	State Homeland Security Program	472,292
97.078	Buffer Zone Protection Program	21,273



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's 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*.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Supervisors, Audit Committee, Grand Jury, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maciel Mini & O'Connell LLP*

Sacramento, California  
December 16, 2011

# Certified Public Accountants.

mgocpa.com

Board of Supervisors and Grand Jury  
County of Placer  
Auburn, California

## Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program, Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

### Compliance

We have audited the County of Placer, California (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the fiscal year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's 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*. Those standards and OMB Circular A-133 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'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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County 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 fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-02, 2011-03, 2011-05, 2011-06 and 2011-07.

### Internal Control Over Compliance

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

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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01, 2011-02, 2011-03, 2011-04, 2011-05, 2011-06 and 2011-07. 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.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated December 16, 2011 which contained an unqualified opinion on those financial statements. Our report contained an explanatory paragraph discussing the County's adoption of the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the fiscal year ended June 30, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Supervisors, Audit Committee, Grand Jury, others within the entity, and federal awarding agencies and pass-through entities and not intended to be and should not be used by anyone other than these specified parties.

*Maciar Meiri & O'Connell LLP*

Sacramento, California  
March 20, 2012

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2011

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**Section I – Summary of Auditor’s Results**

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*Financial Statements:*

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

*Federal Awards:*

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
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 section 510(a) of Circular A-133?	Yes

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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Section I – Summary of Auditor’s Results (continued)

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Identification of major programs:

<u>Program Title</u>	<u>CFDA Number</u>
Federal Transit Cluster:	
Federal Transit – Capital Investment Grants	20.500
Federal Transit – Formula Grants	20.507
Capitalization Grants for Clean Water State Revolving Funds	66.458
Temporary Assistance for Needy Families Cluster:	
Temporary Assistance for Needy Families (TANF)	93.558
ARRA – Emergency Contingency Fund for TANF State Program	93.714
Child Support Enforcement	93.563
Community Services Block Grant Cluster:	
Community Services Block Grant	93.569
ARRA – Community Services Block Grant	93.710
Adoption Assistance	93.659
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,526,579
Auditee qualified as low-risk auditee?	Yes

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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**Section II – Financial Statement Findings**

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**Item #2011-A – Deferred Revenue**

**CRITERIA**

Generally accepted accounting principles require the deferral of revenue received in advance of qualifying expenditures for certain nonexchange transactions.

**CONDITION**

The County improperly recognized revenue from the State of California received in advance of qualifying expenditures in the amount of \$7,669,079.

**CAUSE**

For financial reporting purposes, the County currently relies upon its departments to identify resources received through non-exchange transactions that are subject to deferral in accordance with Generally Accepted Accounting Principles. A department failed to properly communicate required deferral of the revenue to the Auditor-Controller's office. Furthermore, the Auditor-Controller's office did not perform adequate review procedures to identify the error during its year-end closing and financial reporting process.

**EFFECT**

An audit adjustment was required to properly defer the revenue originally recognized during the fiscal year ended June 30, 2011.

**RECOMMENDATION**

We recommend the County provide additional training to its departments to further strengthen their understanding of the accounting standards. The County should also strengthen existing procedures performed at the Auditor-Controller's office during its year-end closing and financial reporting process designed to identify improperly recognized revenues received through non-exchange transactions.

**MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN**

Management concurs with the recommendation. The County's management will provide County-wide training related to the concepts of deferred revenue, along with strengthening our fiscal year-end close process.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**Item: #2011-B - Preparation of the Schedule of Expenditures of Federal Awards (SEFA)**

**CRITERIA**

Subpart C, section .300(d) of Office of Management and Budget (OMB) Circular A-133, *Audits, of States, Local Governments, and Non-Profit Organizations*, "the auditee shall prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with section .310."

Section 310 (b)(3) "The schedule of expenditures of Federal awards shall provide total Federal awards expended for each individual Federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available."

**CONDITION**

We noted inaccuracies in the amount of federal expenditures reported on the SEFA for several programs summarized as follows:

1. Federal Transit Cluster - CFDA 20.500/20.507	\$ 555,473
2. TANF Cluster - CFDA 93.558/93.714	616,400
3. Child Support Enforcement - CFDA 93.563	(53,134)
4. Foster Care - CFDA 93.658	(356,345)
5. Adoption Assistance - CFDA 93.659	428,180
6. Social Services Block Grant - CFDA 93.667	(616,400)

**CAUSE**

The incorrect reporting of federal expenditures is due to a lack of review of the supporting documentation related to program expenditures. The Auditor-Controller's Office e-mails single audit questionnaires to the various county departments, requesting the identification of annual expenditures of federal programs administered by the departments. The Auditor-Controller's office utilizes the single audit questionnaires to populate the County's SEFA. However, there is no supporting documentation provided by the department to substantiate the expenditures being reported.

**EFFECT**

The County exposes itself to the risk of inaccurately preparing the SEFA in accordance with the requirements of OMB Circular A-133.

**QUESTIONED COSTS**

There are no questioned costs associated with this finding.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**RECOMMENDATION**

We recommend that the Auditor-Controller's office require departments to submit supporting documentation for the expenditures for each federal program reported on the SEFA. Furthermore, the Auditor's Controller's office should thoroughly review the adequacy of the supporting documentation to ensure the completeness and accuracy of the reported expenditures and perform a comparison between the current year and prior year expenditures to identify any potential errors.

**MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN**

Management concurs with the recommendation. The Auditor-Controller will be making changes to the annual Single Audit questionnaire before submission to County departments for completion. The Auditor-Controller also plans to conduct a mini-training session on SEFA preparation.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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**Section III– Federal Awards Findings and Questioned Costs**

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**Reference Number:** 2011-01  
**Federal Catalog Number:** 20.500 and 20.507  
**Federal Program Title:** Federal Transit – Capital Investment Grants and  
Federal Transit – Formula Grants  
**Award Number:** CA-03-0560  
CA-03-8040  
CA-90-X054  
CA-90-Y046  
CA-90-Y922  
**Award Year:** 2009 and 2010  
**Category of Finding:** Reporting  
**Federal Agency:** U.S. Department of Transportation

**CRITERIA**

*U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities*

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

**CONDITION**

During our testing of the quarterly SA-425 financial reports, the ARRA 1512 reports and the annual 1201(c) ARRA report, we noted the required program reports were not being reviewed and approved by someone independent of the preparation process.

**CAUSE**

The County has not established appropriate segregation of duties over the preparation and submission of its quarterly and annual reports.

**EFFECT**

The County exposes itself to risk of submitting inaccurate and unauthorized reports to the program's granting agency. The impact of submitting inaccurate reports may lead to delays in reimbursement of program expenditures or other disciplinary action from the granting agency.

**QUESTIONED COSTS**

There are no questioned costs associated with this finding.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**RECOMMENDATION**

Management should design and implement internal controls establishing proper segregation of duties between the preparation and approval of the quarterly and annual reports. Documentation of this segregation of duties should be maintained by program management to demonstrate that appropriate review and approval of the reports occurred prior to the submission of the reports.

**DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN**

Management concurs with the auditor's recommendation and provides the following explanation and corrective action plan. The quarterly SA-425 reports are prepared collaboratively by the Public Works Manager and the Staff Services Analyst. They are submitted on-line through the TEAM system per FTA guidance. There is no approval step required within the TEAM submittal process as there are with other submittals in TEAM. In practice, the reports are reviewed by the manager while they are being prepared for submittal each quarter. The ARRA reports are a restatement of funds received, funds spent and hours worked. Grant CA-X054-00 was to purchase buses and to provide operating assistance. The ARRA reports for the bus purchases are a straightforward re-statement of the purchase costs of the buses. The hours worked are a standard number reported by the bus manufacturer. We believe we have processes in place to ensure the submittal of accurate and timely reports. However, we acknowledge that the audit documentation doesn't substantiate the proper levels of segregation of duties. We will establish a process whereby reports are submitted to the granting agency only after the project manger authorizes the submittal of the report via email prior to submission. These e-mails will be maintained by the department and made available for review by auditors as requested.

<b>Reference Number:</b>	<b>2011-02</b>
<b>Federal Catalog Number:</b>	<b>20.507</b>
<b>Federal Program Title:</b>	<b>Federal Transit – Formula Grants</b>
<b>Award Number:</b>	<b>CA-90-X054</b>
<b>Award Year:</b>	<b>2011</b>
<b>Category of Finding:</b>	<b>Subrecipient Monitoring</b>
<b>Federal Agency:</b>	<b>U.S. Department of Transportation</b>

**CRITERIA**

TITLE 2-GRANTS AND AGREEMENTS, CHAPTER I-OFFICE OF MANAGEMENT AND BUDGET GOVERNMENTWIDE GUIDANCE FOR GRANTS AND AGREEMENTS, PART 176-AWARD TERMS FOR ASSISTANCE AGREEMENTS THAT INCLUDE FUNDS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, Subpart D-Single Audit Information for Recipients of Recovery Act Funds

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

Sec. 176.210 Award term--Recovery Act transactions listed in Schedule of Expenditures of Federal Awards and Recipient Responsibilities for Informing Subrecipients.

- (c) Recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.

**CONDITION**

The County failed to separately identify the program's CFDA number to its subrecipient and document at the time of the subaward and at the time of disbursement of funds.

**CAUSE**

The County does not have adequate internal controls in place to ensure program's CFDA number is communicated to its subrecipients at the time of the subaward and at the time of disbursement of funds.

**EFFECT**

By not properly informing its subrecipients of the program's CFDA number, there is a risk that subrecipients may not be identifying and properly accounting and reporting Recovery Act funds. This may result in reducing the County's ability to properly monitor the subrecipients expenditure of Recovery Act funds, as well as, assisting in any oversight by the Federal awarding agency, Office of Inspector General and the Government Accountability Office.

**QUESTIONED COSTS**

There are no questioned costs associated with this finding.

**RECOMMENDATION**

Management should design procedures and implement internal controls to ensure that the required program information is communicated at the time of the award and at the time of disbursement of funds.

**DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN**

Management concurs with the auditor's recommendation. We acknowledge the program's CFDA number was not included to the subrecipient at the time of the grant award and at the time of disbursements made to the subrecipient. We were not aware that it was required to identify the CFDA number to subrecipients. For future subawards made of federal grants, the County will ensure the CFDA number is included in the subaward agreement and identified when payments are made to subgrantees.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**Reference Number:** 2011-03  
**Federal Catalog Number:** 93.569 and 93.710  
**Federal Program Title:** Community Services Block Grant and ARRA – Community Services Block Grant  
**Award Number:** 09F-5133 and 10F-4033  
**Award Year:** 2009 and 2010  
**Category of Finding:** Reporting  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass Through Entity:** California Department of Community Services and Development

**CRITERIA**

*U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities*

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

TITLE 45: PUBLIC WELFARE; PART 92-UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL AND TRIBAL GOVERNMENTS OMB CIRCULAR A-133

Subpart C-Post Award Requirements; Reports, Records Retention, and Enforcement.

Section 92.42. Retention and access requirements for records.

- (a) Applicability. (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantee which are:
  - (i) Required to be maintained by the terms of this part, program regulations or grant agreement, or
  - (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement

GRANT AGREEMENT 09F-5133  
GRANT AGREEMENT 10F-4033

Exhibit B- Term and amount of agreement, budget detail and payment provisions

**CONDITION**

The County is required to submit both fiscal and programmatic reports for the CSBG program. We selected 10 fiscal reports for testing, which included expenditure activity reports and the annual fiscal report. Of the 10 reports tested, we noted that 5 of the reports were submitted without the independent review and approval of someone other than the preparer.

## COUNTY OF PLACER, CALIFORNIA

### Schedule of Findings and Questioned Costs (Continued) For the Fiscal Year Ended June 30, 2011

Furthermore, of the 15 reports submitted for the CSBG program, we noted 7 instances where the reports were submitted after the due dates identified in the CSBG grant awards.

We also noted two instances where the incorrect accounting basis was utilized to prepare the report. Per inquiry with the State CSD department, the annual 425.OR reports are to be completed on the accrual basis of accounting. Per the results of our testing of these reports, we noted 2 instances where the reports were populated based off of budgetary information. We also noted 5 instances where either report fields were either incomplete or the data being reported was not properly supported by documentation utilized to prepare the reports.

#### **CAUSE**

The County has not established the proper level of review, sufficient to ensure that the required reports are submitted for the CSBG program are independently reviewed by someone other than the preparer. Furthermore, the County has not provided adequate training to individuals preparing reports to ensure that the reports are prepared in accordance with program requirements and are submitted in a timely manner.

#### **EFFECT**

The County exposes itself to the risk of submitting inaccurate and unauthorized reports to the program's granting agency. The impact of submitting inaccurate reports may lead to delays in reimbursement of program expenditures or other disciplinary action.

#### **QUESTIONED COSTS**

There are no questioned costs associated with this finding.

#### **RECOMMENDATION**

Management should design and implement internal controls establishing proper segregation of duties between the preparation and approval of the program reports. Documentation of this segregation of duties should be maintained by program management to demonstrate that appropriate review and approval of the reports occurred prior to the submission of the reports. Training should be provided to ensure individuals preparing reports understand the required information to be included in the reports and are aware of the required deadlines.

#### **DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN**

The Department agrees with the recommendations. The Community Services Block Grant (CSBG) program was reorganized October 2011. The newly assigned staff has been trained on the proper and timely completion of all required program forms by the State of California. Staff submitted the required 801 and 295 forms on time in January 2012. Additionally, on February 28, 2012, Human Services staff trained the community based organizations receiving CSBG funds in 2012 on the proper and timely completion of their required submissions. Finally, Human Services has instituted that all reports are reviewed and approved by the supervisor of the staff who completed the form prior to submission to the state.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**Reference Number:** 2011-04  
**Federal Catalog Number:** 66.458  
**Federal Program Title:** Capitalization Grants for Clean Water State Revolving Funds  
**Award Number:** 09-817-550  
**Award Year:** 2009  
**Category of Finding:** Reporting  
**Federal Agency:** U.S. Environmental Protection Agency  
**Pass Through Entity:** California State Water Resources Control Board

**CRITERIA**

*U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities*

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

**CONDITION**

During our testing of the program’s quarterly ARRA 1512 reports, there was no documentation indicating the program reports were being reviewed and approved by someone independent of the preparation process.

**CAUSE**

The County has not established appropriate segregation of duties over the preparation and submission of its quarterly ARRA 1512 reports.

**EFFECT**

The County exposes itself to risk of submitting inaccurate and unauthorized reports to the program’s granting agency. The impact of submitting inaccurate reports may lead to delays in reimbursement of program expenditures or other disciplinary action from granting agencies.

**QUESTIONED COSTS**

There are no questioned costs associated with this finding.

**RECOMMENDATION**

Management should design and implement internal controls establishing proper segregation of duties between the preparation and approval of the quarterly ARRA 1512 reports. Documentation of this segregation of duties should be maintained by program management to demonstrate that appropriate review and approval of the reports occurred prior to the submission of the reports.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN**

Management concurs with this recommendation. A quarterly FTE (Full Time Employee) report is required to be submitted to the State Water Resources Control Board by the 20<sup>th</sup> day of the last month in the quarter for which the report is due. The quarterly report is compiled by the Admin Technician for the project from several different sources. Placer County's hours and payroll is compiled using Placer County's ACORN system. The hours and payroll information from the contractors and sub-contractors is sent via email to the Administrative Technician from the individual contractors/subs. The report is then emailed to the Project Manager for review and approval along with all supporting documentation. Once the Project Manager reviews all of the supporting documentation and approves the report and it will then be emailed to the assigned Project Manager at the State Water Resources Control Board. A copy of the email approval from the DPW Project Manager will be saved in the T:/ drive along with the corresponding report and all supporting documentation.

<b>Reference Number:</b>	<b>2011-05</b>
<b>Federal Catalog Number:</b>	<b>93.558</b>
<b>Federal Program Title:</b>	<b>Temporary Assistance for Need Families (TANF)</b>
<b>Award Number:</b>	<b>63</b>
<b>Award Year:</b>	<b>2011</b>
<b>Category of Finding:</b>	<b>Special Tests and Provisions</b>
<b>Federal Agency:</b>	<b>U.S. Department of Health and Human Services</b>
<b>Pass Through Entity:</b>	<b>California Department of Social Services</b>

**CRITERIA**

TITLE 42 – THE PUBLIC HEALTH AND WELFARE; CHAPTER 7 – SOCIAL SECURITY; SUBCHAPTER XI- GENERAL PROVISIONS, PEER REVIEW AND ADMINISTRATIVE SIMPLIFICATION

Part A- General Provisions

Section 1320b-7. Income and eligibility verification systems

(a) Requirements of state eligibility systems

- (2) wage information from agencies administering State unemployment compensation laws available pursuant to section 3304(a)(16) of the Internal Revenue Code of 1986, wage information reported pursuant to paragraph (3) of this subsection, and wage, income, and other information from the Social Security Administration and the Internal Revenue Service available pursuant to section 6103(l)(7) of such Code, shall be requested and utilized to the extent that such information may be useful in verifying eligibility for, and the amount of, benefits available under any program listed in subsection (b) of this section, as determined by the Secretary of Health and Human Services (or, in the case of the unemployment compensation program, by the Secretary of Labor, or, in the case of the supplemental nutrition assistance program, by the Secretary of Agriculture)

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

Title 45 – Public Welfare; CHAPTER II – OFFICE OF FAMILY ASSISTANCE (ASSISTANCE PROGRAMS), ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES; PART 205 – GENERAL ADMINISTRATION – PUBLIC ASSISTANCE PROGRAMS; SECTION 205.55 REQUIREMENTS FOR REQUESTING AND FURNISHING ELIGIBILITY AND INCOME INFORMATION

A State plan under title I, IV-A, X, XIV, or XVI (AABD) of the Social Security Act must provide that:

- (a) Except as provided in paragraph (b), the State agency will request through the IEVS:
- (1) Wage information from the SWICA for all applicants at the first opportunity following receipt of the application and for all recipients on a quarterly basis.
  - (2) Unemployment compensation information from the agency administering the State's unemployment compensation program under section 3304 of the Internal Revenue Code of 1954 and section 303 of the Act as follows:
    - (i) For applicants at the first opportunity following receipt of the application and in each of the first three months in which the individual is receiving aid, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until benefits are exhausted; and
    - (ii) In each of the first three months following any recipient-reported loss of employment, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until the benefits are exhausted.
  - (3) All available information maintained by the Social Security Administration for all applicants at the first opportunity following receipt of the application in the manner set forth by the Commissioner of Social Security. The State agency will also request such information for all recipients as of the effective date of this provision for whom such information has not previously been requested.
  - (4) Unearned income information from the Internal Revenue Service available under section 6103 (1)(7)(B) of the Internal Revenue Code of 1954, for all applicants at the first opportunity following receipt of the application for all recipients on a yearly basis. The request shall be made at the time and in the manner set forth by the Commissioner of Internal Revenue.
  - (5) As necessary, any income or other information affecting eligibility available from agencies in the State or other States administering:
    - (i) An AFDC program (in another State) under title IV-A of the Social Security Act;
    - (ii) A Medicaid program under title XIX of the Social Security Act;
    - (iii) An unemployment compensation program (in another State) under section 3304 of the Internal Revenue Code of 1954;
    - (iv) A Food Stamp program under the Food Stamp Act of 1977, as amended;

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

- (v) Any State program administered under plan approved under title I, X, XIV, or XVI (AABD) of the Social Security Act; and
  - (vi) A SWICA (in another State).
- (b) (1) With respect to individuals who cannot furnish a SSN at application, information specified in paragraph (a) will be requested at the first opportunity provided by each source after the State agency is provided with the SSN.
- (2) For the purposes of this section, applicants and recipients shall also include any other individuals whose income or resources are considered in determining the amount of assistance, if the State agency has obtained the SSN of such individuals.
- (c) The State agency must furnish, when requested, income, eligibility and benefit information to:
- (1) Agencies in the State or other States administering the programs cited in paragraph (a)(5) of this section, in accordance with specific agreements as described in §205.58;
  - (2) The agency in the State or other States administering a program under title IV-D of the Social Security Act; and
  - (3) The Social Security Administration for purposes of establishing or verifying eligibility or benefit amounts under title II and XVI (SSI) of the Social Security Act.
- (d) The Secretary may, based upon application from a State, permit a State to obtain and use income and eligibility information from an alternate source or sources in order to meet any requirement of paragraph (a) of this section. The State agency must demonstrate to the Secretary that the alternate source or sources is as timely, complete and useful for verifying eligibility and benefit amounts. The Secretary will consult with the Secretary of Agriculture and the Secretary of Labor prior to approval of a request. The State must continue to meet the requirements of this section unless the Secretary has approved the request.

**CONDITION**

During our testing of eligibility, we noted instances where the County was not requesting the applicant Income Eligibility Verification System (IEVS) report during the participant annual re-determination. We tested 60 cases and noted that 2 cases did not have a current IEVS report. Furthermore, caseworkers are required to review and sign-off within the CalWIN system indicating review and approval of the IEVS reports received. Of the 60 case files reviewed, we noted 13 instances in which the IEVS report was not signed off by the caseworker. This finding repeats and audit finding that was reported for fiscal year 2009-10.

**CAUSE**

The County has not fully implemented the necessary policies and procedures to ensure eligibility workers are obtaining, reviewing and approving the annual IEVS reports to be utilized in the annual re-determination of eligibility for the TANF program.

**EFFECT**

The County exposes itself to risk of providing program funding to ineligible participants of the program.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**QUESTIONED COSTS**

There are no questioned costs associated with this finding.

**RECOMMENDATION**

We recommend that the County revise its current practices to conform with the requirements of obtaining, reviewing and approving current IEVS reports.

**DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN**

The Department agrees with the recommendations. After last year's finding, Human Services committed to and implemented the following actions to improve the presence of the required documentation in CalWIN.

1. Re-Issue CalWORKs and Food Stamp training documents to all staff emphasizing they are required to:
  - a. Generate Applicant IEVS reports at renewal
  - b. Review IEVS information received through CalWIN
  - c. Follow up and sign off upon completion of review
2. Provide follow up training on procedure for Applicant IEVS requests at annual redeterminations at all scheduled staff unit meetings.
3. Require all supervisors perform IEVS-targeted case reviews on a monthly basis. Cases targeted include those with a pending annual redetermination.

As a result compliance with maintenance of current IEVS reports increased from 67% in last year's audit to 97% in this audit. The division has also improved compliance with sign off requirements from 52% in last year's audit to 79% in this audit.

The Department is committed to 100% compliance in all areas and will continue with implementation of any and all necessary steps to achieve that outcome.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**Reference Number:** 2011-06  
**Federal Catalog Number:** 93.659  
**Federal Program Title:** Adoption Assistance  
**Award Number:** 63  
**Award Year:** 2011  
**Category of Finding:** Eligibility  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass Through Entity:** California Department of Social Services

**CRITERIA**

TITLE 42 – THE PUBLIC HEALTH AND WELFARE; CHAPTER 7 – SOCIAL SECURITY; SUBCHAPTER IV – GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES – PART E – FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE – SECTION 673 – ADOPTION AND GUARDIANSHIP ASSISTANCE PROGRAM

- (A) Agreements with adoptive parents of children with special needs; State payments; qualifying children; amount of payments; changes in circumstances; placement period prior to adoption; nonrecurring adoption expenses
- (4)(A) Notwithstanding any other provision of this section, a payment may not be made pursuant to this section to parents or relative guardians with respect to a child—
- (i) who has attained—
    - (I) 18 years of age, or such greater age as the State may elect under section 675(8)(B)(iii) of his title; or
    - (II) 21 years of age, if the State determines that the child has a mental or physical handicap which warrants the continuation of assistance;
  - (ii) who has not attained 18 years of age, if the State determines that the parents or relative guardians, as the case may be, are no longer legally responsible for the support of the child; or
  - (iii) if the State determines that the child is no longer receiving any support from the parents or relative guardians, as the case may be.

**CONDITION**

During discussion with program personnel, we were informed that payments had been made to ineligible recipients after they turned the age of eighteen. This was discovered by program staff upon attending training provided by the State of California Department of Social Services during 2011.

During our testing of eligibility, we noted one case of forty tested in which the recipient was being paid adoption assistance payments after the age of 18 until graduation from high school. There was no documentation in the file or indication that the child was otherwise eligible by virtue of mental or physical handicap warranting the continuation of assistance. We reviewed the remaining 30 adoption case files in which the participant attained the age of 18 during the fiscal year under audit. Per review of the files, 13 participants were deemed ineligible and had received unallowable payments in the amount of \$61,966.

## COUNTY OF PLACER, CALIFORNIA

### Schedule of Findings and Questioned Costs (Continued) For the Fiscal Year Ended June 30, 2011

#### CAUSE

The County originally believed that Adoption Assistance recipients were eligible to receive payments until the latter of reaching the age of eighteen or the date of high school graduation. This understanding was related to the Foster Care program in which payments can be made after the participant is eighteen years of age until the earlier of the recipient completing secondary schooling, equivalent vocational, technical training or turning nineteen. Due to the interrelated nature of the two programs, the County originally believed that the guidance was applicable to both programs.

#### EFFECT

The County made adoption assistance payments to recipients after the period of eligibility expired. These payments resulted in questioned costs and noncompliance with eligibility provisions.

#### QUESTIONED COSTS

There are known questioned costs in the amount of \$61,966.

#### RECOMMENDATION

We recommend that the County revise current practices to include adequate training of State and Federal guidance for the administration of the Adoption Assistance program to program personnel to ensure that recipients benefits are discontinued when their period of eligibility expires. Furthermore, the County should work proactively and collaboratively with the funding agency to determine the proper course of action to remedy the noncompliance.

#### DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN

The Department agrees with the recommendations. Children's System of Care (CSOC) appreciates the audit process and the opportunity it provides to identify improvements. All non-compliant case files have been identified and are being remediated.

CSOC will secure needed training and oversight in this area. To that end, the division has recently prioritized a social worker position which is assigned solely to the administration of the Adoptions Assistance program. Given the growing numbers of AAP recipients, as well as the complexity of the program, it was deemed that a dedicated position was warranted.

CSOC Supervisory and management staff will ensure that updates and changes in federal and state mandates are adopted and implemented into practice. The division is working with California State Department of Social Services fiscal entities to determine a proper course of action to remedy the noncompliance issue relative to overpayments.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**Reference Number:** 2011-07  
**Federal Catalog Number:** 93.659  
**Federal Program Title:** Adoption Assistance  
**Award Number:** 63  
**Award Year:** 2011  
**Category of Finding:** Eligibility  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass Through Entity:** California Department of Social Services

**CRITERIA**

TITLE 42 – THE PUBLIC HEALTH AND WELFARE; CHAPTER 7 – SOCIAL SECURITY; SUBCHAPTER IV – GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES – PART E – FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE – SECTION 673 – ADOPTION AND GUARDIANSHIP ASSISTANCE PROGRAM

(A) Agreements with adoptive parents of children with special needs; State payments; qualifying children; amount of payments; changes in circumstances; placement period prior to adoption; nonrecurring adoption expenses

(3) The amount of the payments to be made in any case under clauses (i) and (ii) of paragraph (1)(B) shall be determined through agreement between the adoptive parents and the State or local agency administering the program under this section, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment made under clause (ii) of paragraph (1)(B) exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.

STATE OF CALIFORNIA – HEALTH & HUMAN SERVICES – DEPARTMENT OF SOCIAL SERVICES  
– ALL COUNTY LETTER NO. 09-51 DATED SEPTEMBER 29, 2009

The reduction of the adoption assistance payment benefit amount based on any type of income the child receives from a birth parent/relative or adoptive parent is prohibited. The amount of adoption assistance payment a child receives cannot be reduced to a formula and/or lessened dollar for dollar based upon any resources the child, adoptive parents or family receives from any source including SSI or survivor's benefits.

**CONDITION**

During discussion with program personnel, we were informed that payments to recipients receiving Supplemental Security Income (SSI) had been reduced dollar for dollar for SSI payments received. This resulted in the underpayment of benefits to program participants. This was discovered after staff attended a training provided by the State of California Department of Social Services during 2011.

During our testing of eligibility, we noted one case in forty tested in which the recipient was being paid assistance payments that was reduced dollar for dollar by the SSI payments.

**COUNTY OF PLACER, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

**CAUSE**

The County did not implement the guidance provided by the State of California's All County Letter (ACL) on the effective date due to departmental personnel transitions. At the time of the ACL distribution, the department was experiencing several staffing changes, thus the ACL letter was not provided to the appropriate personnel responsible for administering the Adoption Assistance program in a timely manner.

**EFFECT**

The County underpaid recipients of Adoption Assistance due to reducing their benefits which was unallowable per the program regulations. The County is currently going through the process of identifying and making payments to recipients affected by the underpayment.

**QUESTIONED COSTS**

There are no questioned costs as a result of this finding.

**RECOMMENDATION**

We recommend that the County revise current practices to include adequate training of State and Federal guidance for the administration of the Adoption Assistance program to program personnel to ensure that benefit payment amounts are appropriately calculated. Furthermore, we recommend the County contact the awarding agency and work proactively to correct the noncompliance.

**DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN**

The Department agrees with the recommendations. Children's System of Care (CSOC) appreciates the audit process and the opportunity it provides to identify improvements. All non-compliant case files have been identified and are being remediated.

CSOC will secure needed training and oversight in this area. To that end, the division has recently prioritized a social worker position which is assigned solely to the administration of the Adoptions Assistance program. Given the growing numbers of AAP recipients, as well as the complexity of the program, it was deemed that a dedicated position was warranted.

CSOC Supervisory and management staff will ensure that updates and changes in federal and state mandates are adopted and implemented into practice. The division is working with California State Department of Social Services fiscal entities to determine a proper course of action to remedy the noncompliance issue relative to any necessary benefit payments.

## COUNTY OF PLACER, CALIFORNIA

### Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2011

#### **Item #2010-01 – Capital Assets: Construction in Progress**

##### **CONDITION**

The County did not properly identify and transfer the costs of capital projects from construction in progress (CIP) to a depreciable asset at the time of the projects completion or when the asset was effectively placed in service. In addition, the County prematurely transferred CIP project costs accounted for in governmental activities to business-type activities prior to completion of the project, and commenced depreciation on the assets prior to the assets being completed and placed into service.

##### **CAUSE**

For financial reporting purposes, the County currently disseminates construction in progress worksheets to the various County departments responsible for project management and oversight, for identifying complete projects. The worksheets identify cumulative capitalized project expenditures, current year expenditures, capitalized CIP costs at the end of the fiscal year, and an indication of the projects status. Although the County has established a process for determining completed capital projects and tracking project costs for financial reporting purposes by preparing and utilizing a supporting capital projects schedule, due to the lack of a formalized review and monitoring process, the County did not properly identify and transfer completed projects to a depreciable asset during the year ended June 30, 2010. Also, due to miscommunication of completed projects, the County also prematurely transferred CIP projects to depreciable asset classes prior to the assets completion and being placed into service.

##### **EFFECT**

As a result of the County not transferring completed projects to a depreciable asset on a timely basis, when the asset was placed in service, and prematurely transferring CIP projects to depreciable asset classes, the County was not properly presenting and classifying its capital assets and depreciation expense was not being properly calculated.

##### **RECOMMENDATION**

We recommend that existing procedures be strengthened to ensure that the County's detail capital projects schedule is reviewed annually by the respective project managers, to identify specific projects that were completed so capitalized construction in progress costs can be transferred and recorded as a depreciable asset. Construction in progress costs should be transferred to a depreciable asset when the project is complete and has been placed in service. Furthermore, during the County's financial reporting process, responsible County personnel should review and approve the supporting capital projects schedule to ensure that completed projects have been transferred and properly recorded as a depreciable asset.

## COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

### MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

The County agrees with the finding and the recommendation. The Auditor-Controller's office will be meeting more regularly with our CIP capital project accountants to ensure CIP is properly presented and classified within the financial statements.

### STATUS

Corrected. The County has improved its communication, review and recording of its capital assets as supported by the results of our testing of capital assets performed during our audit of the County's financial statements. We consider the matter resolved.

<b>Reference Number:</b>	<b>2010-02</b>
<b>Federal Catalog Number:</b>	<b>20.507</b>
<b>Federal Program Title:</b>	<b>Federal Transit – Formula Grants</b>
<b>Award Number:</b>	<b>CA-90-Y845</b>
<b>Award Year:</b>	<b>2009</b>
<b>Category of Finding:</b>	<b>Allowable Costs</b>
<b>Federal Agency:</b>	<b>U.S. Department of Transportation</b>

### CRITERIA

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* (OMB CIRCULAR A-133), Subpart C – Auditees, Section .300 – Auditee Responsibilities

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

*TITLE 49—Transportation, PART 18—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE, Subpart C—Post-Award Requirements, Financial Administration, Section 18.20—Standards for Financial management systems*

- (b)(2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (b)(6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

**CONDITION**

The County receives funding from the Federal Transit Administration (FTA) for transit construction projects, vehicle purchases, preventative maintenance on vehicles and for ADA operations. During the fiscal year, County transit vehicles have scheduled maintenance services or routine repairs. The County utilizes its Fleet Services division to perform vehicle maintenance and repairs. Prior to service being performed, either the Transit or the Fleet Services division will prepare a defect report identifying the specific services being performed. Once the service is performed, a work order is completed, which should include a reference to the related defect report.

During our testing of costs charged to the Federal Transit program for preventive maintenance and/or repairs, we noted that 6 out of 40 work orders examined did not have a defect report for us to review, that was identified on the work order. We also noted that of the 40 work orders tested, there were 4 defect reports could not be located, which initiates and authorizes the maintenance or repair work related to the transit vehicles. Based upon inquiry with personnel in the Department of Public Works responsible for administration of the program, part of the County's process and controls associated with preventive maintenance and repair charges is the completion of both a defect report and work order.

**QUESTIONED COSTS**

There are no questioned costs.

**RECOMMENDATION**

The County should strengthen its current practices with respect to maintaining defect reports with the associated work orders, as the documentary evidence for the authorization and performance of preventive maintenance and repair services for the County's transit vehicles. Also, work orders should include references to the related defect report which initiates the maintenance or repair services. Furthermore, consideration should be given for scanning both defect reports and work orders into the County's network as a file management system, as well as for record retention, which could mitigate and reduce the risk of misfiling both defect reports and work orders.

**MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN**

The County Department of Public Works (DPW) concurs with the recommendation of strengthening current practices with respect to maintaining defect reports with the associated work orders. A defect report is prepared and submitted for every repair. The defect report number is posted in the comments section of the work order to enable the work order to be matched with the associated defect report. We believe that adequate record control, management and retention can be accomplished without scanning the defect reports. During the upcoming year, DPW is considering implementing an electronic defect reporting system that may change our procedures.

**STATUS**

Corrected. The County implemented new procedures to adhere to the compliance requirements. During our testing, we noted preventative maintenance work orders were properly supported with an initiating defect report and consider the matter resolved.

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

**Reference Number:** 2010-03  
**Federal Catalog Number:** 93.558  
**Federal Program Title:** Temporary Assistance for Needs Families (TANF)  
**Award Number:** 63  
**Award Year:** 2009  
**Category of Finding:** Special Tests and Provisions  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass Through Entity:** California Department of Social Services

**CRITERIA**

Title 45 – Public Welfare; CHAPTER II – OFFICE OF FAMILY ASSISTANCE (ASSISTANCE PROGRAMS), ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES; PART 205 – GENERAL ADMINISTRATION – PUBLIC ASSISTANCE PROGRAMS; SECTION 205.55 REQUIREMENTS FOR REQUESTING AND FURNISHING ELIGIBILITY AND INCOME INFORMATION

A State plan under title I, IV-A, X, XIV, or XVI (AABD) of the Social Security Act must provide that:

- (a) Except as provided in paragraph (b), the State agency will request through the IEVS:
  - (1) Wage information from the SWICA for all applicants at the first opportunity following receipt of the application and for all recipients on a quarterly basis.
  - (2) Unemployment compensation information from the agency administering the State's unemployment compensation program under section 3304 of the Internal Revenue Code of 1954 and section 303 of the Act as follows:
    - (i) For applicants at the first opportunity following receipt of the application and in each of the first three months in which the individual is receiving aid, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until benefits are exhausted; and
    - (ii) In each of the first three months following any recipient-reported loss of employment, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until the benefits are exhausted.
  - (3) All available information maintained by the Social Security Administration for all applicants at the first opportunity following receipt of the application in the manner set forth by the Commissioner of Social Security. The State agency will also request such information for all recipients as of the effective date of this provision for whom such information has not previously been requested.
  - (4) Unearned income information from the Internal Revenue Service available under section 6103 (1)(7)(B) of the Internal Revenue Code of 1954, for all applicants at the first opportunity following receipt of the application for all recipients on a yearly basis. The request shall be made at the time and in the manner set forth by the Commissioner of Internal Revenue.

## COUNTY OF PLACER, CALIFORNIA

### Summary Schedule of Prior Audit Findings (Continued) For the Fiscal Year Ended June 30, 2011

- (5) As necessary, any income or other information affecting eligibility available from agencies in the State or other States administering:
- (i) An AFDC program (in another State) under title IV-A of the Social Security Act;
  - (ii) A Medicaid program under title XIX of the Social Security Act;
  - (iii) An unemployment compensation program (in another State) under section 3304 of the Internal Revenue Code of 1954;
  - (iv) A Food Stamp program under the Food Stamp Act of 1977, as amended;
  - (v) Any State program administered under plan approved under title I, X, XIV, or XVI (AABD) of the Social Security Act; and
  - (vi) A SWICA (in another State).
- (b) (1) With respect to individuals who cannot furnish an SSN at application, information specified in paragraph (a) will be requested at the first opportunity provided by each source after the State agency is provided with the SSN.
- (2) For the purposes of this section, applicants and recipients shall also include any other individuals whose income or resources are considered in determining the amount of assistance, if the State agency has obtained the SSN of such individuals.
- (c) The State agency must furnish, when requested, income, eligibility and benefit information to:
- (1) Agencies in the State or other States administering the programs cited in paragraph (a)(5) of this section, in accordance with specific agreements as described in §205.58;
  - (2) The agency in the State or other States administering a program under title IV-D of the Social Security Act; and
  - (3) The Social Security Administration for purposes of establishing or verifying eligibility or benefit amounts under title II and XVI (SSI) of the Social Security Act.
- (d) The Secretary may, based upon application from a State, permit a State to obtain and use income and eligibility information from an alternate source or sources in order to meet any requirement of paragraph (a) of this section. The State agency must demonstrate to the Secretary that the alternate source or sources is as timely, complete and useful for verifying eligibility and benefit amounts. The Secretary will consult with the Secretary of Agriculture and the Secretary of Labor prior to approval of a request. The State must continue to meet the requirements of this section unless the Secretary has approved the request.

### CONDITION

In conjunction with our testing over the eligibility compliance requirement, we noted several cases in which there was no documentary evidence that the County had requested the applicants Income Eligibility Verification System (IEVS) report during the participants' annual eligibility redetermination. For the 60 participant case files tested, we noted 14 cases whereby documentation did not exist to substantiate whether the County utilized the IEVS for determining the participants' eligibility. Based upon inquiry, we noted that County caseworkers are required to electronically sign off within the CalWIN system indicating review of the IEVS reports. During our testing of the 60 participant case files, we noted 29 instances where the IEVS report was not electronically signed off by the caseworker. However, we noted no instances of noncompliance with respect to participants being ineligible.

## COUNTY OF PLACER, CALIFORNIA

### Summary Schedule of Prior Audit Findings (Continued) For the Fiscal Year Ended June 30, 2011

In the absence of utilizing the IEVS report during the eligibility determination process, the County risks that eligible participants receiving benefits might otherwise be ineligible.

#### QUESTIONED COSTS

There are no questioned costs.

#### RECOMMENDATION

We recommend the County establish controls to ensure that caseworkers are utilizing the IEVS when determining participants' eligibility and are following County policies regarding the electronic sign off within the CalWIN system. Monitoring procedures should be implemented to determine whether such controls are operating effectively to ensure ongoing compliance with the aforementioned compliance requirement for utilizing the IEVS.

#### MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Placer County Human Services disputes this finding. While the documentation may not have been in the file or the electronic sign-off performed, it cannot be assumed that staff did not review IEVS information on the system prior to making their eligibility determination. According to the audit, all 60 of the cases reviewed were eligible for benefits. This finding is more salient to the point that staff performed their due diligence in ensuring only eligible recipients were granted benefits.

Placer County Human Services does commit to the following action to improve the presence of the documentation in CalWIN.

- 1) Re-Issue CalWORKs and Food Stamp training documents to all staff emphasizing they are required to:
  - a. Generate Applicant IEVS reports at renewal
  - b. Review IEVS information received through CalWIN
  - c. Follow up and sign off upon completion of review
- 2) Provide follow up training on procedure for Applicant IEVS requests at annual redeterminations at all scheduled staff unit meetings over the next 60 days.
- 3) Require all supervisors perform IEVS-targeted case reviews on a monthly basis. Cases targeted will include those with a pending annual redetermination.
- 4) Generate a monthly report from the CalWIN system that identifies completed renewals and the rate of electronic sign off. This report will be forwarded to supervisors for review with their staff with the intent of ensuring compliance with IEVS requirements.

#### STATUS:

Not fully corrected. We noted improvements in the error rate when testing compliance with this requirement for the fiscal year ended June 30, 2011. However, there continued to be instances of noncompliance identified during our testing. Refer to current year finding 2011-05

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

**Reference Number:** 2010-04  
**Federal Catalog Number:** 93.714  
**Federal Program Title:** ARRA - Emergency Contingency Fund for TANF State Program  
**Federal Award Number:** None  
**Award Year:** 2009  
**Category of Finding:** Special Tests and Provisions  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass Through Entity:** State Department of Social Services

**CRITERIA**

TITLE 2 – GRANTS AND AGREEMENTS, CHAPTER I – OFFICE OF MANAGEMENT AND BUDGET GOVERNMENTWIDE GUIDANCE FOR GRANTS AND AGREEMENTS, PART 176 – AWARD TERMS FOR ASSISTANCE AGREEMENTS THAT INCLUDE FUNDS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, Subpart D – Single Audit Information for Recipients of Recovery Act Funds

Sec. 176.210 Award term--Recovery Act transactions listed in Schedule of Expenditures of Federal Awards and Recipient Responsibilities for Informing Subrecipients.

- (c) Recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.

**CONDITION**

The County entered into a subgrantee agreement and provided funds to the Golden Sierra Job Training Agency for operating a subsidized employment program. For the year ended June 30, 2010, the County provided \$394,142 to the Golden Sierra Job Training Agency, which is the program's only subrecipient. During our testing of the subrecipient monitoring compliance requirement, including inquiry with the programs fiscal management, we noted that the County did not identify to the Golden Sierra Job Training Agency, a subrecipient, and did not document at the time of the subaward, the program's CFDA and Federal award number. Also, at the time of disbursement of Recovery Act funds, the County was not informing the subrecipient of the Federal award number and CFDA number.

By not properly informing its subrecipients of the Federal award number and CFDA number, there is a risk that the subrecipient may not identify and properly report Recovery Act funds in accordance with 2 CFR, Sec. 176.210 requirements.

**QUESTIONED COSTS**

There are no questioned costs.

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

**RECOMMENDATION**

We recommend the County revise its existing procedures and establish communication protocols with the subrecipient to ensure that at the time of disbursement of Recovery Act funds, the County is informing the Golden Sierra Job Training Agency of the Federal award number and CFDA number.

**MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN**

Effective March 2011, existing department-wide procedures have been revised to include the the Federal award number and CFDA number.

**STATUS:**

Corrected. The County implemented appropriate internal controls and procedures to ensure compliance with the requirement. We consider the matter to be resolved.

<b>Reference Number:</b>	<b>2010-05</b>
<b>Federal Catalog Number:</b>	<b>93.563</b>
<b>Federal Program Title:</b>	<b>Child Support Enforcement (Title IV-D) and ARRA – Child Support Enforcement (Title IV-D)</b>
<b>Award Number:</b>	<b>None</b>
<b>Award Year:</b>	<b>2009</b>
<b>Category of Finding:</b>	<b>Special Tests and Provisions</b>
<b>Federal Agency:</b>	<b>U.S. Department of Health and Human Services</b>
<b>Administering Agency:</b>	<b>California Department of Child Support Services</b>

**CRITERIA**

TITLE 45 – Public Welfare; Subtitle B – REGULATIONS RELATING TO PUBLIC WELFARE CHAPTER III – OFFICE OF CHILD SUPPORT ENFORCEMENT (CHILD SUPPORT ENFORCEMENT PROGRAM), ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES; PART 303 – STANDARDS FOR PROGRAM OPERATIONS; SECTION 303.7 PROVISION OF SERVICES IN INTERSTATE IV-D CASES

- (b) Initiating State IV-D agency responsibilities. The IV-D agency must:
  - (1) Use its long arm statute to establish paternity, when appropriate.
  - (2) Except as provided in paragraph (b)(1) of this section, within 20 calendar days of determining that the noncustodial parent is in another State, and, if appropriate, receipt of any necessary information needed to process the case, refer any interstate IV-D case to the responding State's interstate central registry for action, including requests for location, document verification, administrative reviews in Federal income tax refund offset cases, income withholding, and State income tax refund offset in IV-D cases.

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

- (6) Send a request for review of a child support order to another State within 20 calendar days of determining that a request for review of the order should be sent to the other State and receipt of information from the requestor necessary to conduct the review in accordance with Section 303.8 of this part.

**CONDITION**

During the FY 2009/10, the County had 8 interstate cases, where it acted as the initiating state. Out of the 8 cases examined, we noted 2 cases in which the County did not provide to the responding State all of the necessary case documents within the 20 calendar day time frame.

Based upon our discussions with program management, it appears that the 2 cases were simply an oversight, and not indicative of a more pervasive internal control issue. By not providing the responding State with the necessary case documents within the prescribed time frame, the collection of child support payments could be delayed.

**QUESTIONED COSTS**

There are no questioned costs.

**RECOMMENDATION**

We recommend the County consider establishing a checklist or some other means for monitoring and managing interstate cases to ensure compliance with the 20 calendar day requirement when the County is the initiating state agency.

**MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN**

A compliance list has been provided to each Case Manager (Child Support Specialist). Additionally, training was conducted which focused on the area(s) of deficiency.

**STATUS:**

Corrected. The County implemented appropriate internal controls and procedures to ensure compliance with the requirement. We consider the matter to be resolved.

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

**Reference Number:** 2010-06  
**Federal Catalog Number:** 93.569  
**Federal Program Title:** Community Services Block Grant  
**Award Number:** 10F-4033  
**Award Year:** 2010  
**Category of Finding:** Subrecipient Monitoring  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass Through Entity:** California Department of Community Services and Development

**CRITERIA**

OMB CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS*; SUBPART D – FEDERAL AGENCIES AND PASS-THROUGH ENTITIES, SECTION 400 RESPONSIBILITIES

- (d) Pass-through entity responsibilities- A pass-through entity shall perform the following for the Federal award it makes:
- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the federal award.
  - (4) Ensure that the subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

**CONDITION**

During the fiscal year ended June 30, 2010, the County incurred \$103,815 in subgrant expenditures related to costs incurred by the County's subrecipients. We noted that for all 5 of the subgrants awarded to subrecipients under the County's 10F-4033 grant award, the County did not identify to each subrecipient the CFDA title and number. Furthermore, the County does not have any established controls for identifying and monitoring whether the subrecipients are required to have a Single Audit performed. We performed a search of the Federal Audit Clearinghouse database (available on the internet at <http://harvester.census.gov/sac>) to determine whether the County's subrecipients had a Single Audit performed, and noted that none of the County's subrecipients were in the database.

By not properly informing its subrecipients of the CFDA title and number, there is a risk that the subrecipients may not identify and properly report federal funds in accordance with OMB Circular A-133.

**QUESTIONED COSTS**

There are no questioned costs.

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

**RECOMMENDATION**

We recommend that the County revise its standard subgrant award agreements and include the required Federal Award information, such as the CFDA title and number. We recommend the County establish a checklist or standardized form for distribution to each of the program's subrecipient and request the subrecipient to confirm on an annual basis whether the subrecipient was subject to the requirements of OMB Circular A-133.

**MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN**

Pass-through entity responsibilities - management concurs with the recommendations and commits to the following:

1. Health and Human Services will revise the standard subgrant award agreement to include all required Federal Award information such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award year and the federal agency providing the funding.
2. Health and Human Services will revise the standard subgrant award agreement to include a requirement (and form) so that subrecipients will confirm annually whether the sub-recipient was subject to the requirement of OMB Circular A-133.

**STATUS:**

Corrected. The County implemented appropriate internal controls and procedures to ensure compliance with the requirement. We consider the matter to be resolved.

<b>Reference Number:</b>	<b>2010-07</b>
<b>Federal Catalog Number:</b>	<b>93.569 and 93.710</b>
<b>Federal Program Title:</b>	<b>Community Services Block Grant and ARRA – Community Services Block Grant</b>
<b>Award Number:</b>	<b>08F-4932; 09F-5133; and 10F-4033</b>
<b>Award Year:</b>	<b>2008, 2009, and 2010</b>
<b>Category of Finding:</b>	<b>Reporting</b>
<b>Federal Agency:</b>	<b>U.S. Department of Health and Human Services</b>
<b>Pass Through Entity:</b>	<b>California Department of Community Services and Development</b>

**CRITERIA**

TITLE 45 – PUBLIC WELFARE; PART 92 – UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE, LOCAL AND TRIBAL GOVERNMENTS; SUBPART C – POST AWARD REQUIREMENTS; FINANCIAL ADMINISTRATION; SECTION 92.20 – STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

- (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—

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**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
  - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
  - (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award.

**CONDITION**

The County is required to submit both fiscal and programmatic reports for the Community Services Block Grant (CSBG) program. In conjunction with our testing of the reporting compliance requirement, we selected 12 fiscal reports for testing, which included expenditure activity reports and the annual fiscal report. For the 12 reports examined, we noted that 10 of the reports were submitted after the due date specifically identified in the grant award. Also, of the 12 fiscal reports examined, we identified 2 instances where the County was not able to provide the underlying supporting documentation used to prepare the reports.

We also tested 7 programmatic reports, which include the quarterly ARRA Project Status Report, the CSD 295 report and the CSD 801 report. For the 7 reports examined, we noted that 5 of the programmatic reports were submitted after the due date specifically identified in the grant award. Also, of the 7 programmatic reports examined, the County was not able to provide the underlying supporting documentation used to prepare the reports.

By not timely submitting the required programmatic and fiscal reports, the County risks the grantor agency withholding program funds.

**QUESTIONED COSTS**

There are no questioned costs.

**RECOMMENDATION**

Management responsible for the administration of the program should strengthen controls for monitoring the timely preparation and completion of the required fiscal and programmatic reports. Furthermore, personnel responsible for the preparation of the fiscal and programmatic reports should establish a file maintenance system to ensure that source documentation for the program reports are readily available which support and substantiate the accuracy and completeness of the reports.

**COUNTY OF PLACER, CALIFORNIA**

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

**MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN**

Management concurs with the recommendation and commits to the following:

A schedule will be established each year to identify report due dates for both fiscal and program staff to be monitored by the Division Director or designee allowing better resource allocation for specific programmatic or fiscal priorities. Management notes that timeliness for submission of the reports have been impacted by (1) the very late contracting process by the State Department of Community Services and Development and (2) the reduction in the number of fiscal staff as a result of down sizing.

Furthermore, an electronic and paper filing system will be established. The electronic system will allow mutual sharing between fiscal and program staff for all documentation. The storing of documents in the paper filing system will be established by program staff and reviewed on an annual basis.

**STATUS:**

Not corrected. Refer to current year finding 2011-03