

COUNTY OF PLACER, CALIFORNIA

Single Audit Reports
(OMB Circular A-133)

For the Fiscal Year Ended June 30, 2013

**COUNTY OF PLACER, CALIFORNIA
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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COUNTY OF PLACER, CALIFORNIA

Amended and Restated Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster title Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct:			
Lake Tahoe Erosion Control Grant Program	10.690	--	\$ 2,001,793
Forest Products Lab: Technology Marketing Unit (TMU)	10.674	--	129,693
Tahoe National Forest Cooperative Law Enforcement Agreement	10.unknown	12-LE-11051360-006	33,214
Direct subtotal			2,164,700
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	31 CEC	4,206,471
Passed through State Department of Public Health:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	11-10746 / 12-10180	108,201
Subtotal - SNAP Cluster			4,314,672
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10481	952,773
Passed through State Department of Education:			
National School Lunch Program	10.555	02118-SN-31-R	45,427
Passed through State Department of Food and Agriculture:			
ARRA - Plant and Animal Disease, Pest Control, and Animal Care			
Sudden Oak Death	10.025	11-8523-0572-CA	5,614
Glassy-winged Sharpshooter	10.025	12-8506-0484-CA	35,870
Glassy-winged Sharpshooter	10.025	12-8506-0484-CA	29,098
Light Brown Apple Moth	10.025	11-8520-1164-CA	5,952
Asian Citrus Psyllid	10.025	11-8520-1211-CA	3,477
Asian Citrus Psyllid	10.025	12-8506-1211-CA	12,430
Asian Citrus Psyllid	10.025	12-8506-1211-CA	2,140
Subtotal - ARRA - Plant and Animal Disease, Pest Control & Animal Care			94,581
Passed through California Department of Forestry and Fire Protection			
Cooperative Forestry Assistance 2012	10.664	7FG12061	11,702
Passed through subtotal			5,419,155
Total U.S. Department of Agriculture			7,583,855
<u>U.S. Department of Commerce</u>			
Passed through City and County of San Francisco:			
Public Safety Interoperable Communications Grant Program	11.555	075-95017	39,000
Total U.S. Department of Commerce			39,000
<u>U.S. Department of Housing and Urban Development</u>			
Direct:			
Section 8 Housing Choice Vouchers	14.871	CA 149	2,306,836
Passed through County of Sacramento:			
Housing Opportunities for Persons with AIDS	14.241	PLA-01-11	32,757
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/Entitlement Grants	14.218	10-STBG-6733	5,388
Community Development Block Grants/Entitlement Grants	14.218	Loans	1,958,882
Subtotal - Community Development Block Grants/Entitlement Grants			1,964,270
Supportive Housing Program	14.235	HUD-27053-A-63	284,874
Shelter Plus Care	14.238	HUD-27053-B-63	288,180
Home Investment Partnerships Program	14.239	10-HOME-6345	929,313
Home Investment Partnerships Program	14.239	10-HOME-6851	120,453
Home Investment Partnerships Program	14.239	Loans	3,651,745
Subtotal - Home Investment Partnerships Program			4,701,511
Passed through subtotal			7,271,592
Total U.S. Department of Housing and Urban Development			9,578,428

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

COUNTY OF PLACER, CALIFORNIA

Amended and Restated Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster title Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of the Interior</u>			
Direct:			
Secure Rural Schools and Community Self-Determination	15.234	HR2389	\$ 135,679
Fish and Wildlife Coordination Act	15.517	Various	81,991
Direct Subtotal			<u>217,670</u>
Passed through State Department of Transportation:			
Southern Nevada Public Land Management	15.235	STPLER-5919 (054)	1,109,454
Total U.S. Department of the Interior			<u>1,327,124</u>
<u>U.S. Department of Justice</u>			
Direct:			
Public Safety Partnership and Community Policing Grants	16.710	2004CKWX0050	63,516
Public Safety Partnership and Community Policing Grants	16.710	2011UMWX0026	325,680
Subtotal - Public Safety Partnership and Community Policing Grants			<u>389,196</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0864	23,241
Drug Enforcement Administration	16.unknown	2011-40	75,080
State Criminal Alien Assistance Program (SCAAP)	16.606	2012-AP-BX-0493	78,189
Direct subtotal			<u>565,706</u>
Passed through Board of State and Community Corrections:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 627-12	116,281
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 670-12	106,609
Passed through California Emergency Management Agency:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MS10010310	86,378
Subtotal - Edward Byrne Memorial Justice Assistance Grant			<u>309,268</u>
Crime Victim Assistance	16.575	VW12300310	81,974
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants To Units Of Local Government	16.804	ZA09010310	7,864
Passed through County of Sacramento:			
High Intensity Drug Trafficking Areas Program	95.001	MAVMIT	27,596
Passed through subtotal			<u>426,702</u>
Total U.S. Department of Justice			<u>992,408</u>
<u>U.S. Department of Labor</u>			
Passed through EDD:			
WIA Dislocated Worker Formula Grants - NEXT Grant	17.278	K386295-05	17,444
<u>U.S. Department of Transportation</u>			
Direct:			
Federal Transit - Formula Grants (Section 5307)	20.507	CA-96-X054	539,341
Paul S. Sarbanes Transit in the Parks	20.520	CA-20-X006-00	858,533
Direct subtotal			<u>1,397,874</u>
Passed through California State Department of Transportation:			
Highway Planning and Construction	20.205	03-928899L	24,534,382
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	pending	291,197
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	pending	65,980
Subtotal			<u>357,177</u>
Passed through State of Nevada Department of Transportation:			
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	PR424-12-802	218,629
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	519-11-802	61,183
Subtotal			<u>279,812</u>
Subtotal - Formula Grants for Other than Urbanized Areas			<u>636,989</u>
Passed through State Office of Traffic Safety:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	20335	59,603

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

COUNTY OF PLACER, CALIFORNIA

Amended and Restated Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster title Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation (Continued)</u>			
Passed through Sacramento Regional Transit:			
Job Access - Reverse Commute	20.516	CA-37-X065	\$ 45,281
Passed through subtotal			25,276,255
Total U.S. Department of Transportation			26,674,129
<u>U.S. Environmental Protection Agency</u>			
Direct:			
Surveys, Studies, Investigations and Special Purpose Grant	66.606	XP-98968901	2,886,584
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T42601-0	3,431
Direct Subtotal			2,890,015
Passed through State Water Resources Control Board:			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	C-06-6430-110	108,675
Nonpoint Source Implementation Grants	66.460	10-448-556	30,955
subtotal			139,630
Passed through U.S. Army Corps of Engineers:			
Construction Grants for Wastewater Treatment Works	66.418	134092	686,902
Passed through subtotal			826,532
Total U.S. Environmental Protection Agency			3,716,547
<u>U.S. Department of Energy</u>			
Direct:			
Regional Biomass Energy Programs	81.079	DE-FG36-08GO88026	200,474
Total U.S. Department of Energy			200,474
<u>U.S. Department of Health and Human Services</u>			
Direct:			
Health Care and Other Facilities	93.887	C76HF09820	316,884
Direct subtotal			316,884
Passed through California Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to State	93.617	09G26101	5,036
Voting Access for Individuals with Disabilities - Grants to State	93.617	11G26128	6,801
Subtotal - HAVA			11,837
Passed through California Family Health Council:			
Family Planning Services	93.217	3003-5320-71209-10 & 3003-5320-71209-13	90,753
Drug-Free Communities Support Program Grants	93.276	1H79SP015810-01	115,016
Passed through State Department of Social Services:			
Guardianship Assistance	93.090	63 CEC	5,208
Temporary Assistance for Needy Families (TANF) - Admin	93.558	31 CEC	8,886,116
Temporary Assistance for Needy Families (TANF) - Direct	93.558	CA800-31	2,592,723
Subtotal - TANF Cluster			11,478,839
Child Support Enforcement (Title IV-D)	93.563	CS356-1-24	3,858,795
Refugee and Entrant Assistance - State Administered Programs	93.566	CA800-31	12,332
Promoting Safe and Stable Families (PSSF)	93.556	63 CEC	74,897
Subtotal - Refugee Assistance			87,229
Stephanie Tubbs Jones Child Welfare Services Program	93.645	63 CEC	263,678
Foster Care (Title IV-E) - Administration	93.658	63 CEC	3,800,214
Foster Care (Title IV-E) - Direct	93.658	CA800-31	1,486,303
Subtotal - Foster Care (Title IV-E)			5,286,517
Adoption Assistance - Administration	93.659	63 CEC	196,053
Adoption Assistance - Direct	93.659	CA800-31	2,283,026
Subtotal - Adoption Assistance			2,479,079
Social Services Block Grant	93.667	63 CEC	258,988
Chafee Foster Care Independence Program	93.674	63 CEC	107,386
Passed through Dept Social Services subtotal			23,825,719

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

COUNTY OF PLACER, CALIFORNIA

Amended and Restated Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster title Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services (Continued)</u>			
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	12F-4431	\$ 149,286
Subtotal - Community Services Block Grant Cluster			149,286
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA31	1,528,768
Passed through State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	MH 1784-63	39,077
Block Grants for Community Mental Health Services	93.958	MH 1784-63	697,672
Passed through State Department of Health Care Services:			
Medical Assistance Program - Administration	93.778	07-65603	7,137,610
Passed through State Department of Public Health:			
Public Health Emergency Preparedness Program	93.069	EPO 12-31	548,932
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	10-95231	6,944
Immunization Cooperative Agreements	93.268	10-95231	95,858
National Bioterrorism Hospital Preparedness Program	93.889	EPO 12-31	157,736
Maternal and Child Health Service Block Grant to the States	93.994	10-95231	430,917
Adolescent Family Life Demonstration Projects	93.995	10-95231	136,260
Passed through State Dept of Public Health			1,376,647
Passed through the County of Sacramento:			
HIV Emergency Relief Project Grants	93.914	7275-07/12-706 A-6	129,742
Passed through subtotal			35,102,127
Total U.S. Department of Health and Human Services			35,419,011
<u>U.S. Department of Homeland Security</u>			
Direct:			
Assistance to Firefighter Grant 2011	97.044	EMW-2011-FO-01568	162,677
Assistance to Firefighter Grant 2012	97.044	EMW-2012-FH-00263	332,193
Direct subtotal			494,870
Passed through California Emergency Management Agency:			
Emergency Management Performance Grants 2012	97.042	EMW-2012-EP-00027	196,364
Subtotal - Emergency Management Performance Grants			196,364
Homeland Security Grant Program 2010 (HSGP)	97.067	2010-0085	541,924
Homeland Security Grant Program 2011 (HSGP)	97.067	2011-SS-0077	97,571
Homeland Security Grant Program 2012 (HSGP)	97.067	2012-SS-00123	97,514
Subtotal - State Homeland Security Program (SHSP)			737,009
Passed through subtotal			933,373
Total U.S. Department of Homeland Security			1,428,243
Total Expenditures of Federal Awards			\$ 86,976,663

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

COUNTY OF PLACER, CALIFORNIA

Notes to the Amended and Restated Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2013

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 Amended and Restated Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2013

Note 6: Program Totals

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

CFDA No.	Program Name	Pass-Through Agency	Amount
16.738	Edward Byrne Memorial Justice Assistance Grant Program	N/A Direct	\$ 23,241
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Board of State and Community Corrections	222,890
16.738	Edward Byrne Memorial Justice Assistance Grant Program	California Emergency Management Agency	86,378
16.804	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants To Units Of Local Government	California Emergency Management Agency	<u>7,864</u>
	Justice Assistance Grant Program Cluster		<u>\$ 340,373</u>

COUNTY OF PLACER, CALIFORNIA

Notes to the Amended and Restated Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2013

Note 7: California Emergency Management Agency (CalEMA) Grants

The following represents expenditures for the CalEMA programs for the fiscal year ended June 30, 2013. 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, 2013		
		Federal Share	State Share	County Share
Edward Byrne Memorial Justice Assistance Grant Program:				
<u>MS10010310 - Marijuana Suppression Project</u>				
Personal services	\$ 44,665	\$ 44,665	\$ -	\$ -
Operating expenses	41,713	41,713	-	-
Totals	<u>\$ 86,378</u>	<u>\$ 86,378</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ZA09010310 - ADA Enforcement Team Recovery Act Program</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Operating expenses	7,864	7,864	-	-
Totals	<u>\$ 7,864</u>	<u>\$ 7,864</u>	<u>\$ -</u>	<u>\$ -</u>
Crime Victim Assistance:				
<u>VW12300310 - Victim Witness Assistance</u>				
Personal services	<u>\$ 186,998</u>	<u>\$ 81,974</u>	<u>\$ 105,024</u>	<u>\$ -</u>

COUNTY OF PLACER, CALIFORNIA

Notes to the Amended and Restated Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2013

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 12F-4431 for the fiscal year ended June 30, 2013.

	<u>Actual</u> January 1, 2012 through June 30, 2012	<u>Actual</u> July 1, 2012 through December 31, 2012	<u>Totals</u>	<u>Budget</u>
<u>Revenue</u>				
Grant Revenue	\$ 84,689	\$ 149,286	\$ 233,975	\$ 249,940
<u>Expenditures</u>				
Personnel Costs:				
Salaries and wages	\$ 13,999	\$ 12,224	\$ 26,223	\$ 30,431
Fringe benefits	5,836	2,563	8,399	12,586
Total Personnel Costs	<u>19,835</u>	<u>14,787</u>	<u>34,622</u>	<u>43,017</u>
Non-Personnel Costs:				
Operating expenses and supplies	2,867	2,082	4,949	10,593
Subcontractors	61,987	132,417	194,404	196,330
Total Non-Personnel Costs	<u>64,854</u>	<u>134,499</u>	<u>199,353</u>	<u>206,923</u>
Total Costs	<u>\$ 84,689</u>	<u>\$ 149,286</u>	<u>\$ 233,975</u>	<u>\$ 249,940</u>

COUNTY OF PLACER, CALIFORNIA

Notes to the Amended and Restated Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2013

Note 9: Subrecipients

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

CFDA Number	Program/Cluster Name	Amount
14.241	Housing Opportunities for Persons with AIDS	\$ 32,757
93.569	Community Services Block Grant	132,417
93.914	HIV Emergency Relief Project Grants	129,742
97.067	State Homeland Security Program	193,038

Note 10: Loan Programs

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs maintain servicing and trust arrangements with the County to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest and programs funded by these repayments are reported as expenditures in the Schedule. The federal government has imposed certain continuing compliance requirements with respect to the loans rendered under the programs. In accordance with Subpart B, Section 205 of the Office of Management and Budget Circular A-133, the County has reported the value of total outstanding and new loans made during the current year.

The following is a summary of the loan program balances and activities that have continuing compliance requirements at June 30, 2013.

Program Title	CFDA Number	June 30, 2013 Loans Outstanding	Prior Year Loans With Continuing Compliance Requirements	Fiscal Year 2013 Loan Disbursements
Community Development Block Grants	14.218	\$ 1,958,882	\$ 1,958,882	\$ -
Home Investment Partnership Program	14.239	4,665,442	3,651,745	1,013,697

Note 11: Restatement of Schedule of Expenditures of Federal Awards

The federal expenditures previously reported in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2013 have been amended and restated due to the addition of federal expenditures related to CFDA No. 66.458 ARRA – Capitalization Grants for Clean Water State Revolving Funds program previously omitted from the original Schedule of Expenditures of Federal Awards. The unreported expenditures for this program amounted to \$108,675.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, 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 of Placer, California (the County) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2013-A and 2013-B that we consider to be significant deficiencies in internal control over financial reporting.

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 the County's 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*.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maciea Seini & O'Connell LLP

Sacramento, California
November 18, 2013

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Placer, California’s (the County) compliance with the types of compliance requirements described in the *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, 2013. 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.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance 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 2013-001 and 2013-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002 and 2013-003, that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Amended and Restated Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 18, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted 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.

This reissued report is replacing the original report on the schedule of expenditures of federal awards for the fiscal year ended June 30, 2013 issued on March 27, 2014. As described in Note 11, the County's schedule of expenditures of federal awards (the Schedule) was amended and restated to include federal expenditures that were omitted in the original Schedule for the fiscal year ended June 30, 2013.

The Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Maclean Mini & O'Connell LLP

Sacramento, California

March 27, 2014, except for our report on

the amended and restated schedule of expenditures of federal awards,
for which the date is May 21, 2014

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
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:	Unmodified
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, 2013

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

Identification of major programs:

<u>Program Title</u>	<u>CFDA Number</u>
Highway Planning and Construction	20.205
Surveys, Studies, Investigations and Special Purpose Grant	66.606
Foster Care	93.658
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,609,300
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, 2013

Section II – Financial Statement Findings

Item #2013-A– Unearned Revenue Analysis

CONDITION

The County improperly recognized \$2,628,019 in funding received from the State of California relating to the Mental Health Services Act as unearned revenue, rather than revenue.

CAUSE

The County receives advanced funding from the State of California where the funds are to be used to provide mental health services. The County recorded the funding as unearned revenue and recognizes the revenue as funds are expended on qualified expenditures. However, due to the nature of the funding and the limited eligibility requirements, the funds received are to be recognized in the year of collection in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

EFFECT

An audit adjustment was required to properly recognize the revenue originally recorded as unearned revenue during the fiscal year ended June 30, 2013.

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 to identify improper adherence to accounting standards.

MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We concur with the auditor's recommendation.

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2013

Item #2013-B– Intergovernmental Revenue

CONDITION

During our testing of Intergovernmental Revenues and Due from Other Governments, we noted the County is improperly recognizing year end revenues related to receivables not being collected within the County's period of availability.

CAUSE

Based upon our current year observations and results of our testing of Intergovernmental Revenues and Due from Other Governments, the County is properly identifying year end receivables due from governmental agencies. However, these receivables are not being collected within the County's period of availability of 180 days. Once the County books the year end accrual for revenue, there is no additional analysis ensuring the receivable being collected within the period of availability being documented.

EFFECT

The impact of not properly analyzing the collection of year-end revenues accrued is the risk of not properly recognizing revenue in the appropriate period.

RECOMMENDATION

The County should design procedures analyzing the collection of subsequent receipts to ensure intergovernmental revenue is being recognized in the proper period.

MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We concur with the auditor's recommendation.

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2013

Section III– Federal Awards Findings and Questioned Costs

Reference Number: 2013-001
Federal Catalog Number: 66.606
Federal Program Title: Surveys, Studies, Investigations and Special Purpose Grant
Award Number: XP-98968901
Award Year: 2004
Category of Finding: Reporting
Federal Agency: U.S. Environmental Protection Agency

CRITERIA

TITLE 40 – PROTECTION OF ENVIRONMENT; CHAPTER I – ENVIRONMENTAL PROTECTION AGENCY; SUBCHAPTER B – GRANTS AND OTHER FEDERAL ASSISTANCE; PART 31 – UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS

Subpart C – Post-Award Requirements

Section 31.41 Financial Reporting

(b) Financial Status Report—

- (1) *Form.* Grantees will use Standard Form 269 or 269A, Financial Status Report, to report the status of funds for all nonconstruction grants and for construction grants when required in accordance with § 31.41(e)(2)(iii).
- (3) *Frequency.* The Federal agency may prescribe the frequency of the report for each project or program. However, the report will not be required more frequently than quarterly. If the Federal agency does not specify the frequency of the report, it will be submitted annually. A final report will be required upon expiration or termination of grant support.
- (4) *Due date.* When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

GRANT AGREEMENT XP-98968901-2

Administrative Conditions –

1. An Interim Financial Status Report (FSR), Standard Form 269A (Rev 7/97), covering the period from “project/budget period start date” to September 30 of each calendar year shall be submitted to the Grants Management Office, MTS-7, no later than December 31 of the same calendar year. The initial FSR was due December 31, 2004.

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued) For the Fiscal Year Ended June 30, 2013

CONDITION

According to the March 2009 *OMB Circular A-133 Compliance Supplement*, the SF-425 – Federal Financial Report (FFR) replaced the SF-269, SF-269A, SF-272, and SF-272A reports. During our testing of the FFR for the Surveys, Studies, Investigations and Special Purpose Grant, the County had yet to submit the required SF-425 pertaining to the fiscal year ended June 30, 2013.

CAUSE

Report preparation was the responsibility of one county employee, who left the County a few months before the report was due. Due to only one employee being responsible for report preparation and management not having a process in place to identify which reports were due, the Federal Financial Report was not submitted.

EFFECT

The County is not in compliance with the programs reporting requirements and exposes itself to disciplinary action from the granting agency.

QUESTIONED COSTS

There are no questioned costs associated with this finding.

RECOMMENDATION

The County should design and implement a process for identifying all reports to be submitted and submission deadlines.

DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN

To address this finding, the Department has implemented an internal process to assure timely submission of all grant reporting requirements. This process entails a joint evaluation by the Department's Grant Manager and Senior Administrative Services Officer to review grant requirements, to prepare a reporting schedule, establish timeframes, and identify responsible parties. This process creates a check and balance system, clear lines of responsibilities, and a tool for the Administrative Services Manager to confirm grant compliance. This also will provide an opportunity for the Granting Agency to confirm the County's understanding of Agency reporting and process requirements. The County has since submitted the SF425 for reporting period of September 30, 2012.

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2013

Reference Number: 2013-002
Federal Catalog Number: 66.606
Federal Program Title: Surveys, Studies, Investigations and Special Purpose Grant
Award Number: XP-98968901
Award Year: 2004
Category of Finding: Davis-Bacon Act
Federal Agency: U.S. Environmental Protection Agency

CRITERIA

TITLE 40 - PUBLIC BUILDINGS, PROPERTY, AND WORKS; SUBTITLE II-PUBLIC BUILDINGS AND WORKS; PART A-GENERAL; CHAPTER 31-GENERAL; SUBCHAPTER IV-WAGE RATE REQUIREMENTS

§3142. Rate of wages for laborers and mechanics

- (a) Application - The advertised specifications for every contract in excess of \$2,000, to which the Federal Government or the District of Columbia is a party, for construction, alteration, or repair, including painting and decorating, of public buildings and public works of the Government or the District of Columbia that are located in a State or the District of Columbia and which requires or involves the employment of mechanics or laborers shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics.

CONDITION

During our testing of subcontracts for the inclusion of the Davis-Bacon Act clause, the County was unable to provide the subcontracts between the prime contractor and subcontractor in order to substantiate that the subcontracts included the required Davis-Bacon Act clause. This clause is required to be included in the subcontract in order to inform the subcontractor that prevailing wage rates must be paid to all laborers. The sub-contractors were aware of the Davis- Bacon Act, noted by their submittal of the weekly certified payroll reports per the results of our testing.

CAUSE

The County lacked the necessary controls for obtaining and ensuring that subcontracts between the prime contractor and the subcontractors included the required Davis-Bacon Act clause.

EFFECT

The County is not in compliance with the program’s Davis-Bacon Act requirements and exposes itself to loss of funding and potential 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, 2013

QUESTIONED COSTS

There are no questioned costs associated with this finding.

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

The Auditor-Controller concurs with the recommendation and during the course of our preparation of the SEFA for FY13/14, we will be corroborating all amounts provided to underlying supporting documentation maintained by County departments.

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2013

Financial Statement Findings

Item #2012-A– Loans to Property Owners Reconciliation

CONDITION

During our testing of loan receivables being reported in the Nonmajor Special Revenue Fund- Community Revitalization Fund, we noted the loans recorded in the County’s subsidiary ledger were not being reconciled to the general ledger, resulting in new loans issued in FY 2012 not being reflected in the general ledger. Effective internal controls would require the reconciliation of the subsidiary ledger to the general ledger for significant financial statement amounts.

CAUSE

Based on our current year observations, it appears that there was insufficient communications within County departments relating to the responsibility of monitoring the loan activity. In prior years, the loan activity was monitored by personnel of the County’s former redevelopment agency. However, due to the dissolution of California Redevelopment agencies, these responsibilities were transferred to a County department. This communication issue led to the new loans recorded not properly being recorded in the County’s general ledger.

EFFECT

As of June 30, 2012, the County had \$513,537 in new loans that were not initially recorded in the County’s general ledger.

RECOMMENDATION

The County should improve upon the procedures involving the reconciliation of the loan subsidiary ledger to the general ledger and strengthen the oversight and monitoring procedures, ensuring accurate reconciliations are being performed in a timely manner.

MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Management concurs with the auditor’s recommendation. The County Auditor-Controller will be strengthening its year-end closing processes to ensure subsidiary ledgers are reconciled to the general ledger.

STATUS

Corrected. The County implemented proper procedures to ensure accurate reconciliations are being performed. We consider this matter to be resolved..

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

Item #2012-B– Intergovernmental Revenue/Due from Other Government

CONDITION

During our testing of Intergovernmental Revenue in the Low & Moderate Income Housing Asset Fund, we noted a double recording of revenue relating to the same transaction. This fund recognizes revenue relating to draw down requests on a grant awarded by the State of California. When the County submits a draw down request, the County recognizes revenue and a due from other government. Once the cash draw is received, the County will increase their cash balance and reduce the due from other government account balance. However, for one transaction selected for testing, we noted the County recognized revenue when it submitted its draw down request and subsequently recorded revenue again when the draw down request was received, rather than reduce the established due from other government balance. As a result, revenue was overstated by \$866,430 and the corresponding due from other government was not reduced by the same amount.

During our testing of Due from Other Governments, we noted that the County did not record revenue or a due from other government amount during the initial draw down request. However, when the County received the funds relating to the draw down request, an entry to reduce the due from other government account balance for the transaction above was made in the amount of \$731,996. As a result of this transaction, revenue was understated by \$731,996.

CAUSE

Based upon our current year observations, it appears the County’s Community Development Resource Agency, which is primarily responsible for maintaining the ledgers for the Low & Moderate Income Housing Asset Fund, was not fully trained to perform the additional work it was assigned. In prior years, the grant processes related to this activity were reconciled by personnel of the County’s former redevelopment agency. Furthermore, there does not appear to be a proper level of supervisory review sufficient enough to ensure transactions being posted to the general ledger are accurate and complete.

EFFECT

The condition discussed above, resulted in an overstatement of revenue and due from other governments in the amount of \$134,434 for the year ended June 30, 2012.

RECOMMENDATION

The County should improve upon the procedures involving the reconciliations of grants awarded to ensure transactions posted to the general ledger are accurate and complete.

MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Management concurs with the auditor’s recommendation.

STATUS

Corrected. The County improved its procedures relating to the recording of grant activity. We consider this matter to be resolved.

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

Federal Award Findings and Questioned Costs

Item: #2012-01 - 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 [overstatements (understatements)] in the amount of federal expenditures reported on the SEFA for several programs summarized as follows:

1. ARRA-Energy Efficiency and Conservation	
Block Grant Program - CFDA 81.128	\$ 34,610
2. TANF Cluster - CFDA 93.558/93.714	(80,231)
3. Medical Assistance Program (MAP) - CFDA 93.778	
a) MAP Administration	1,891,518
b) MAP Targeted Case Management	(96,992)
c) Children's Medical Services	(943,573)
d) Health Care Program for Children in Foster Care	(216,274)
e) Medical Admin Assistance	(593,999)

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.

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

QUESTIONED COSTS

There are no questioned costs associated with this finding.

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

The Auditor-Controller concurs with the recommendation and during the course of our preparation of the SEFA for FY12/13, we will be corroborating all amounts provided to underlying supporting documentation maintained by County departments.

STATUS

Uncorrected. The County demonstrated improvements on the accuracy of federal expenditures being reported, however, program expenditures “for one program” were omitted from the SEFA. See current year finding 2013-003.

Reference Number:	2012-02
Federal Catalog Number:	20.205
Federal Program Title:	Highway Planning and Construction
Award Number	03-928899L
Award Year:	2011
Category of Finding:	Procurement
Federal Agency:	U.S. Department of Transportation
Pass-Through Entity:	California State 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.

TITLE 2 – GRANTS AND AGREEMENTS
PART 180 – OMB GUIDELINES TO AGENCIES ON GOVERNMENTWIDE DEBARMENT AND
SUSPENSION (NONPROCUREMENT)

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued) For the Fiscal Year Ended June 30, 2013

Sec. 180.300 – What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the Excluded Parties List System (EPLS); or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

CONDITION

Per review of procurement files for two professional services contracts, we noted no printout from the EPLS and noted no certification or clause in the contract stating that the company was not excluded/debarred from working on Federally funded contracts. Per discussion with management, the County does not check the EPLS nor does the RFP (Request for Proposals) that go out for professional services contracts contain the required suspension and debarment clause or certification.

CAUSE

The County was not aware that the requirement to check the EPLS website or include a certification or clause in the contract stating that the company was not excluded/debarred from working on federally funded contracts applied to professional service contracts.

EFFECT

There is a chance that the County will enter into an agreement with a vendor that is suspended, debarred or otherwise excluded from entering into agreements for federal funds. MGO referenced the EPLS website and determined that the two contractors were eligible to work on federally funded contracts.

QUESTIONED COSTS

No questioned costs associated with this finding.

RECOMMENDATION

The County should check the EPLS website or include a certification or clause in the contract stating that the company was not excluded/debarred from working on federally funded contracts for all contracts, including professional service contracts.

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

DEPARTMENT’S VIEW AND CORRECTIVE ACTION PLAN

The County Department of Public Works (DPW) concurs with the recommendation of including a certification that the company was not excluded/debarred from working on Federally funded contracts in all RFP (Request for Proposals) and RFQ (Request for Qualified List) that go out for professional services contracts. Going forward from March 14, 2012 DPW management will inform the Project Managers of this new requirement and updated procedures. In addition, DPW will work with the County’s Procurement Office to coordinate the insertion of the certification language into the master document template to ensure all RFPs and RFQs comply with OMB Grants and Agreements guidelines.

STATUS

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

Reference Number:	2012-03
Federal Catalog Number:	81.128
Federal Program Title:	ARRA - Energy Efficiency and Conservation Block Grant
Award Number	CBG-09-006
Award Year:	2010
Category of Finding:	Allowable Costs
Federal Agency:	U.S. Department of Energy
Pass-through Agency:	California State Energy Commission

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 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 the Federal programs.

CONDITION

During our testing of nonpayroll transactions charged to the grant program, we noted that 5 of the 26 transactions did not have evidence of management approval prior to payment.

CAUSE

Due to time constraints as the end of the grant period was approaching, invoices were paid without going through the proper approval process.

EFFECT

There is a risk that the County will expend Federal funds for activities that are not allowable. Although, there was no evidence of approval, the expenditures in question were allowable.

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

QUESTIONED COSTS

No questioned costs associated with this finding.

RECOMMENDATION

The County should strengthen its current practices with respect to ensuring that all transactions charged to the grant program are properly approved by management prior to being paid.

DEPARTMENT’S VIEW AND CORRECTIVE ACTION PLAN

The Department agrees with the findings and will ensure that all transactions charged to grant programs are properly approved by management prior to being paid.

STATUS

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

Reference Number:	2012-04
Federal Catalog Number:	81.128
Federal Program Title:	ARRA - Energy Efficiency and Conservation Block Grant
Award Number	CBG-09-006
Award Year:	2010
Category of Finding:	Reporting
Federal Agency:	U.S. Department of Energy
Pass-through Agency:	California State Energy Commission

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 various EECBG reports (See listing of reports below) and discussion with management, we noted there was no documentation that the required program reports were being reviewed and approved by someone independent of the preparation process for all 4 reports selected for testing.

- 1. Progress Reports
- 2. Final Report

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

CAUSE

Reports were approved verbally at management meetings, with no documentation that the required program reports were being reviewed and approved by someone other than the preparer.

EFFECT

Because there is no documentation of review, the County may inadvertently submit reports without going through the proper review process. If the County submits reports that are not independently reviewed by someone other than the preparer, the County exposes itself to risk of submitting inaccurate reports to the program's administering 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.

RECOMMENDATION

The County should design and implement internal controls establishing documentation to substantiate that proper segregation of duties between the preparation and approval of progress and final reports occurred prior to the submission of the reports.

DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN

The Department followed the process prescribed by the California Energy Commission, which required an electronic submittal of progress reports and no wet-signed documents. The Department used monthly meetings for a team-based review of progress reports including Document Preparer, Project Manager, Accounting and Executive review and approval. In the future the Department will keep wet-signed versions of electronic documents that are required to be submitted to the administering agency.

STATUS

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

Reference Number:	2012-05
Federal Catalog Number:	10.690
Federal Program Title:	Lake Tahoe Erosion Control Grant Program
Award Numbers:	08-DG-11051900-031 09-DG-11051900-025 10-DG-11051900-032 11-DG-11051900-032
Award Years:	2008, 2009, 2010, 2011
Category of Finding:	Reporting
Funding Agency:	U.S. Department of Agriculture

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

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 2 – GRANTS AND AGREEMENTS

PART 215—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-110)

Subpart C—Post Award Requirements

Sec. 215.52 – Financial Reporting

- (i) Each Federal awarding agency shall require recipients to use the SF-269 or SF-269A to report the status of funds for all nonconstruction projects or programs. A Federal awarding agency may, however, have the option of not requiring the SF-269 or SF-269A when the SF-270, Request for Advance or Reimbursement, or SF-272, Report of Federal Cash Transactions, is determined to provide adequate information to meet its needs, except that a final SF-269 or SF-269A shall be required at the completion of the project when the SF-270 is used only for advances.

CONDITION

During our testing of the SF-425 Financial Report (Formerly SF-269) and discussion with management, we noted that the County was reporting expenditures based on amounts expended and received rather than actual expenditures for the period reported in the “Federal Expenditures and Unobligated Balance” section of the report.

CAUSE

The preparer of the SF 425 was not made aware that actual program expenditures were required for the report.

EFFECT

Reporting only amounts received for program expenditures rather than actual expenditures for the period, causes the County to submit reports that are not accurate. 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.

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

RECOMMENDATION

We recommend that the County revise current practices to ensure that the appropriate amounts are identified and reported in the in the “Federal Expenditures and Unobligated Balance” section of the SF-425 reports.

DEPARTMENT’S VIEW AND CORRECTIVE ACTION PLAN

Placer County Department of Public Works (DPW) agrees with the recommendation to include actual expenditures for each reporting periods along with the invoiced and reimbursed amounts when completing the SF-425 reports. In order to implement this new procedure, management will review the SF-425 reports which are completed by the administrative technician and will ensure that actual amounts are in fact shown on the reports before they are submitted to their respective grantors.

STATUS

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

Reference Number:	2012-06
Federal Catalog Number:	10.690
Federal Program Title:	Lake Tahoe Erosion Control Grant Program
Award Numbers	08-DG-11051900-031
	09-DG-11051900-025
	10-DG-11051900-032
	11-DG-11051900-032
Award Years:	2008, 2009, 2010, 2011
Category of Finding:	Allowable Costs
Funding Agency:	U.S. Department of Agriculture

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 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 the Federal programs.

TITLE 2 – GRANTS AND AGREEMENTS
PART 225—COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS (OMB CIRCULAR A-87)
Appendix C to Part 225—State/Local-Wide Central Service Cost Allocation Plans

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

A. General.

1. Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards.

CONDITION

During testing of SF-270 reimbursement request reports, we noted the amount requested and received for reimbursement for the Homewood Project for the period ending June 2012 was overstated by \$1,466. The error was identified by County staff and an adjustment to the subsequent expenditure reimbursement claim reduced the total by \$1,466. The adjusted reimbursement request, however, was not made until the subsequent fiscal year.

CAUSE

The County requested reimbursement of indirect costs for June 2012 for the total amount of payroll costs rather than the 94.23% approved rate for indirect costs.

EFFECT

The amount requested for reimbursement for the grant program in FY 2012 was overstated by \$1,466.

QUESTIONED COSTS

There are known questioned costs in the amount of \$1,466.

RECOMMENDATION

We recommend that existing procedures be strengthened to ensure that the County's SF-270 reimbursement requests is reviewed by a program supervisor to ensure that the requested amount of indirect cost reimbursement has been calculated correctly and are accurately reported prior to submittal.

COUNTY OF PLACER, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2013

DEPARTMENT'S VIEW AND CORRECTIVE ACTION PLAN

Placer County Department of Public Works (DPW) agrees with the recommendation to strengthen current procedures to ensure that the County's SF-270 reimbursement requests are reviewed by management to ensure accurate reporting of indirect costs for reimbursement. In order to implement this procedure, the administrative technician who prepares the indirect costs reimbursement requests will have the appropriate project manager review and approve the invoice and backup documentation prior to submittal.

STATUS

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