

COUNTY OF YOLO, CALIFORNIA

**Single Audit Report
(OMB Circular A-133)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

COUNTY OF YOLO, CALIFORNIA

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Honorable Board of Supervisors
County of Yolo, California

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 of Yolo, California (County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 28, 2010. Our report refers to the County's adoption of the provisions of GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* in 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2009-01 and 2009-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to management of the County of Yolo in a separate letter dated January 28, 2010.

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 them.

This report is intended solely for the information and use of the Board of Supervisors, County management 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.

Vavrinick, Trine, Day & Co. LLP

Rancho Cucamonga, California
January 28, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133, AND SUPPLEMENTARY SCHEDULE OF COMMUNITY SERVICES BLOCK GRANTS

Honorable Board of Supervisors
County of Yolo, California

Compliance

We have audited the compliance of the County of Yolo, California (County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Yolo'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, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Yolo's management. Our responsibility is to express an opinion on the County of Yolo'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.

As described in items 2009-03, 2009-05 and 2009-11 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable cost, and special test and provisions that are applicable to its Temporary Assistance to Needy Families and Food Stamps Cluster programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

The results of our auditing procedures also disclosed other 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 2009-06 through 2009-12.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-03 through 2009-06 and 2009-08 through 2009-12 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2009-03, 2009-05 and 2009-11 to be material weaknesses.

Schedule of Expenditures of Federal Awards and Supplemental Schedule of Community Services Block Grants

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 of Yolo as of and for the year ended June 30, 2009, and have issued our report thereon dated January 28, 2010. Our report refers to the County's adoption of the provisions of GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* in 2009. 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 and supplemental schedule of Community Services Block Grants is presented for purposes of additional analysis as required by OMB Circular A-133 and the California Department of Community Services and Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 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 them.

This report is intended solely for the information and use of the Board of Supervisors, County management 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.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California

January 28, 2010, except for the schedule of expenditures of federal awards
and supplementary schedule of Community Services Block Grants,
as to which the date is March 22, 2010.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Food Stamps Cluster:			
Direct Program			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program [1]	10.561	SNAP 10-3-5\FY 09-04	\$ 800
Passed through State of California Department of Social Services			
Supplemental Nutrition Assistance Program (SNAP) [1]	10.551		17,731,827
State Administrative Matching Grants for Supplemental Nutrition Assistance Program [1]	10.561		1,883,070
State Administrative Matching Grants for Supplemental Nutrition Assistance Program [1]	10.561		147,671
Passed through HEAL Collaborative			
HEAL Collaborative [1]	10.561		4,067
Total SNAP Cluster			<u>19,767,435</u>
Passed through State of California Department of Food and Agriculture			
Plant and Animal Disease, Pest Control and Animal Care	10.225		<u>23,459</u>
Passed through State of California Department of Education			
Child Nutrition Cluster:			
Special Milk Program for Children	10.556		<u>18,307</u>
Passed through State of California Department of Health Services			
Special Supplemental Fund Program - WIC [1]	10.557		1,000,731
Special Supplemental Fund Program - WIC Vouchers [1]	10.557		3,636,278
			<u>4,637,009</u>
Total U.S. Department of Agriculture			<u>24,446,210</u>
<u>U.S. Department of Energy</u>			
Passed through University of Delaware			
Intelligent Bioreactor Management Information System (IBM-IS) for Mitigation of Green House Gas Emissions	81.DE-FC26-05NT4232	DE-FC26-05NT4232	<u>33,349</u>
<u>U.S. Department of Defense</u>			
Direct Program			
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or closure of military installation	12.607	CL0737-07-01	24,570
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or closure of military installation	12.607	FA8903-09-2-0001	441,195
			<u>465,765</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State of California Department of Housing and Community Development			
Home Investment Partnerships Program	14.239	05-HOME-1701	106,484
Community Development Block Grant/State's Program	14.228	07-PTAE-310	13,009
Community Development Block Grant/State's Program	14.228	08-STBG-4764	110,863
Total U.S. Department of Housing and Urban Development			<u>230,356</u>
<u>U.S. Department of the Interior</u>			
Passed through the State of California Controller's Office			
Distribution of Receipts to State and Local Governments	15.227		<u>80</u>
Passed through Bureau of Reclamation			
Fish and Wildlife Coordination Act	15.517		22,267
Total U.S. Department of the Interior			<u>22,347</u>

[1] Denotes a major Federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Direct Program			
State Criminal Alien Assistance Program	16.606		\$ 122,858
Bulletproof Vest Partnership Program	16.607		8,699
Edward Byrne Memorial Justice Grant Program	16.738	2008-DJ-BX-0668	14,144
			<u>145,701</u>
Passed through State of California Department of Corrections and Rehabilitation Juvenile Accountability Incentive Block Grants	16.523	CSA 120-08	<u>10,262</u>
Passed through State of California Governor's Office of Emergency Services			
Crime Victim Assistance	16.575	VW07250570	70,868
Edward Byrne Memorial Justice Grant Program	16.738	DC07180570	156,982
Anti-Gang Initiative	16.744	AG07010570	9,466
Violence Against Women Formula Grants	16.588	VV08040570	90,000
			<u>327,316</u>
Total U.S. Department of Justice			<u>483,279</u>
<u>U.S. Department of Labor</u>			
Workforce Investment Act Cluster:			
Passed through State of California Department of Employment Development			
WIA Adult Program [1]	17.258		722,522
WIA Youth Activities [1]	17.259		835,139
WIA Dislocated Worker [1]	17.260		554,183
ARRA - WIA Adult Program [1]	17.258		27,110
ARRA - WIA Youth Activities [1]	17.259		151,049
ARRA - WIA Dislocated Worker [1]	17.260		25,189
Total Workforce Investment Act Cluster			<u>2,315,192</u>
Total U.S. Department of Labor			<u>2,315,192</u>
<u>U.S. Department of Transportation</u>			
Direct Program			
Airport Improvement Program	20.106	3-06-0342-07	10,699
Airport Improvement Program	20.106	3-06-0342-08	52,829
Airport Improvement Program	20.106	3-06-0342-09	80,000
Airport Improvement Program	20.106	3-06-0342-10	20,639
ARRA - Airport Improvement Program	20.106	3-06-0342-11	37,830
			<u>201,997</u>
Highway Planning and Construction Cluster:			
Passed through State of California Department of Transportation			
Highway Planning and Construction	20.205	STPL 5922 (053)	94
Highway Planning and Construction	20.205	BRLO 5922 (031)	15,134
Highway Planning and Construction	20.205	BRLO 5922 (037)	9,890
Highway Planning and Construction	20.205	STPL 5922 (047)	123,388
Highway Planning and Construction	20.205	STPL 5922 (058)	27,181
Highway Planning and Construction	20.205	STPL 5922 (064)	137,537
Highway Planning and Construction	20.205	BRLOZE 5922 (034)	156,698
Highway Planning and Construction	20.205	SPOA 5922 (068)	3,107
Highway Planning and Construction	20.205	BRLO 5922 (066)	93,739
Highway Planning and Construction	20.205	RPSTPL 5922 (082)	30,100
Highway Planning and Construction	20.205	ESPL 5922 (085)	1,384
Highway Planning and Construction	20.205	HSIPL 5922 (081)	8,613

[1] Denotes a major Federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>Continued - Department of Transportation</u>			
Highway Planning and Construction Cluster, (Continued):			
Highway Planning and Construction	20.205	BRLO 5922 (044)	\$ 427
Highway Planning and Construction	20.205	BRLO 5922 (050)	169
Highway Planning and Construction	20.205	RPSTPL 5922 (054)	731,784
Highway Planning and Construction	20.205	HRRRL 5922 (076)	97,316
Highway Planning and Construction	20.205	HRRRL 5922 (075)	45,000
Highway Planning and Construction	20.205	BRLO 5922 (059)	34,977
Total Highway Planning and Construction Cluster			<u>1,516,538</u>
Highway Safety Cluster:			
Passed through State of California Business, Transportation and Housing Agency			
State and Community Highway Safety	20.600	OP0703	<u>7,045</u>
Passed through City of Davis			
State and Community Highway Safety	20.600	AL0937	<u>17,718</u>
Passed through County of San Diego			
State and Community Highway Safety	20.600	AL0699	<u>17,912</u>
Total Highway Safety Cluster			<u>42,675</u>
Total U.S. Department of Transportation			<u>1,761,210</u>
<u>Institute of Museum and Library Services</u>			
Direct Program			
National Leadership Grants	45.312	CL-00-08-0026.08	<u>8,958</u>
Passed through California State Library			
Public Library Staff Education Program	45.310	40-7054	1,980
Public Library Staff Education Program	45.310	40-7138	10,000
Public Library Staff Education Program	45.310	40-7078	25,000
			<u>36,980</u>
Total Institute of Museum and Library Services			<u>45,938</u>
<u>U.S. Department of Veterans Administration</u>			
Passed through State of California Department of Veterans Affairs			
Burial Expenses Allowance for Veterans	64.101		<u>300</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Program			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	BF-96942301-0	<u>19,837</u>
<u>U.S. Department of Education</u>			
Passed through Tulare County Office of Education			
Safe and Drug Free Schools and Communities National Program	84.186		<u>37,389</u>
Passed through Woodland Joint Unified School District			
Safe and Drug Free Schools and Communities National Program	84.184	Q184L060005	<u>435,234</u>
Passed through Yolo County Office of Education			
Special Education Grants to States Cluster	84.027		<u>600,364</u>
Total U.S. Department of Education			<u>1,072,987</u>

[1] Denotes a major Federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>Elections Assistance Commission</u>			
Passed Through State of California Secretary of State Help America Vote Act Requirements Payments	90.401	07G30139	\$ 102,617
<u>U.S. Department of Health and Human Services</u>			
Direct program			
Unaccompanied Alien Children Program	93.676	HHSP2332008290 7YB	1,244,978
Passed through Area 4 Agency on Aging Special Programs For the Aging Title III, Part 3 Grants for Supportive Services and senior centers - aging Cluster	93.044	72-05-57-09	31,891
Passed through State of California Department of Alcohol and Drug Abuse Programs Substance Abuse Prevention & Treatment Block Grants (SAPT)	93.959		866,845
Passed through State of California Department of Child Support Services Child Support Enforcement [1]	93.563		3,283,433
ARRA - Child Support Enforcement [1]	93.563		527,212
			<u>3,810,645</u>
Passed through State Department of Social Services			
Promoting Safe and Stable Families	93.556		166,293
Temporary Assistance for Needy Families (TANF) [1]	93.558		17,277,779
Refugee and Entrant Assistance - State Administered Programs	93.566		163,475
Community-Based Child Abuse Prevention Grants	93.590		17,264
Child Welfare Services – State Grants	93.645		125,632
Foster Care – Title IV-E [1]	93.658		5,184,164
ARRA - Foster Care – Title IV-E [1]	93.658		177,760
Adoption Assistance [1]	93.659		3,703,621
ARRA - Adoption Assistance [1]	93.659		269,429
Social Service Block Grant (Title XX)	93.667		640,202
CHAFFE Foster Care Independent Living	93.674		78,553
Subtotal			<u>27,804,172</u>
Passed through State Department of Community Services and Development			
Community Services Block Grant	93.569	07F-4876	24,500
Community Services Block Grant	93.569	08F-4952	281,701
Subtotal			<u>306,201</u>
Medicaid Cluster:			
Passed through State of California Department of Veterans Affairs Medical Assistance Program [1]	93.778		7,005
Passed through State of California Department of Health Services Medical Assistance Program [1]	93.778		5,863,407
Passed through State Department of Social Services			
In-Home Supportive Services [1]	93.778		1,699,943
ARRA - In-Home Supportive Services [1]	93.778		568,112
ARRA - In-Home Supportive Services [1]	93.778		1,478
Total Medicaid Cluster			<u>8,139,945</u>
Passed through State of California Department of Health Services			
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197	08-85104	11,122
Immunization Grants	93.268	08-85335	71,828
State Children's Insurance Program	93.767		24,592
National Bioterrorism Hospital Preparedness Program	93.889		23,784
Maternal and Child Health Services Block Grant	93.994		149,718
Bioterrorism Training and Curriculum Development	93.996		373,457
Subtotal			<u>654,501</u>

[1] Denotes a major Federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>Continued - U.S. Department of Health and Human Services</u>			
Passed through the State Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150		\$ 28,277
Substance Abuse and Mental Health Services Projects of Regionally and National Significance	93.243		569,855
Block Grants for Community Health Services (SAMHSA)	93.958		162,462
Subtotal			<u>760,594</u>
Passed through Governors Office of Emergency Services			
Childrens Justice Grants to States	93.643	EF07020570	30,404
Childrens Justice Grants to States	93.643	EF08030570	22,097
			<u>52,501</u>
Passed through Yolo County Office of Education			
Head Start	93.600		10,000
Total U.S. Department of Health and Human Services			<u>43,682,273</u>
<u>Social Security Administration</u>			
Direct Program			
Disability Insurance/SSI Cluster:			
Supplemental Security Income - Inmate Reporting Incentive	96.006		<u>3,600</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Assistance to Firefighters Grant	97.044	EMW-2007-FO-07052	14,534
Passed through State of California Governor's Office of Emergency Services			
Emergency Management Performance Grants	97.042		58,841
State Homeland Security Grant Cluster:			
State Homeland Security Program	97.067	07HSGP-SHSP	152,511
State Homeland Security Program	97.067	08HSGP-SHSP	10,092
Law Enforcement Terrorism Prevention Program	97.067	07HSGP-LLETPP	106,234
Total State Homeland Security Grant Cluster			<u>268,837</u>
Total U.S. Department of Homeland Security			342,212
Total Expenditures of Federal Awards			<u>\$ 75,027,472</u>

[1] Denotes a major Federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF YOLO, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Yolo. The County of Yolo's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 2 to the County's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

C. Relationship to Basic Financial Statements

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

D. Federal Catalog of Federal Domestic Assistance (CFDA) Numbers

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

E. Food Stamps

Food stamps expenditures represent the face value of food stamps distributed in the County. They do not represent cash expenditures in the County's basic financial statements for the fiscal year ended June 30, 2009.

F. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

COUNTY OF YOLO, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE #2 – AMOUNT PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the County provided Federal awards to subrecipients as follows:

CFDA No.	County Program Title	Pass-Through Entity	Amount
14.228	Community Development Block Grant/State's Program	Yolo Wayfarer Center	\$ 9,292
17.259	Workforce Investment Act- Youth Activities	Community College Foundation	69,246.00
17.259	Workforce Investment Act- Youth Activities	Rise, Inc.	87,915
93.558	Temporary Assistance for Needy Families	City of Davis	3,210,421
93.569	Community Service Block Grant	Davis Community Meal Resource Center	49,969
93.569	Community Service Block Grant	Food Bank of Yolo County	30,497
93.569	Community Service Block Grant	Short Term Emergency Aid	10,000
93.569	Community Service Block Grant	Yolo Wayfarer Center	41,123
93.569	Community Service Block Grant	United Christian Centers	39,158
93.569	Community Service Block Grant	People Resources, Inc.	18,000
Total			<u>\$ 3,565,621</u>

NOTE #3 – LOANS OUTSTANDING

The programs listed below had the following aggregate, federally-funded loans receivable outstanding at June 30, 2009. Other than repayment of principle and interest, there is no continuing compliance requirements on these loans, and as such, are not reported on the Schedule of Expenditure of Federal Awards:

CFDA No.	Program Title	Amount
14.228	Community Development Block Grant/State's Program	<u>\$ 2,921,380</u>

NOTE #4 – OFFICE OF EMERGENCY SERVICES GRANT

The following represents expenditures for Office of Emergency Services (OES) programs for the year ended June 30, 2009. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Office of Emergency Services Grants

	Expenditures Claimed				Share of Expenditures Current Year			
	Budget	For the Period	For the Year	Cumulative	Federal Share	State Share	County Share	Total
		Through 30-Jun-08	Ended 30-Jun-09	as of 30-Jun-09				
Award: VW08260570, Yolo County Victim/Witness Assistance Center								
Grant Period: 7/1/2008 to 6/30/2009								
Audit Period: 7/1/2008 to 6/30/2009								
Personal services	\$ 173,616	\$ -	\$ 173,616	\$ 173,616	\$ 70,868	\$ 102,748	\$ -	\$ 173,616
Totals	<u>\$ 173,616</u>	<u>\$ -</u>	<u>\$ 173,616</u>	<u>\$ 173,616</u>	<u>\$ 70,868</u>	<u>\$ 102,748</u>	<u>\$ -</u>	<u>\$ 173,616</u>

COUNTY OF YOLO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE #4 – OFFICE OF EMERGENCY SERVICES GRANT, (CONTINUED)

Office of Emergency Services Grants

Budget	Expenditures Claimed			Share of Expenditures Current Year			
	For the Period Through 30-Jun-08	For the Year Ended 30-Jun-09	Cumulative as of 30-Jun-09	Federal Share	State Share	County Share	Total
Award: EF07020570, Forensic Evaluation Program							
Grant Period: 1/1/2008 to 12/31/2008							
Audit Period: 7/1/2008 to 6/30/2009							
Personal services	\$ 37,809	\$ 15,249	\$ 22,560	\$ 22,560	\$ -	\$ -	\$ 22,560
Operating expenses	12,191	4,347	7,844	7,844	-	-	7,844
Totals	<u>\$ 50,000</u>	<u>\$ 19,596</u>	<u>\$ 30,404</u>	<u>\$ 30,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,404</u>
Award: EF08030570, Forensic Evaluation Program							
Grant Period: 1/1/2009 to 12/31/2009							
Audit Period: 7/1/2008 to 6/30/2009							
Personal services	\$ 34,119	\$ -	\$ 15,251	\$ 15,251	\$ -	\$ -	\$ 15,251
Operating expenses	15,881	-	6,846	6,846	-	-	6,846
Totals	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 22,097</u>	<u>\$ 22,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,097</u>
Award: VB08060570, Yolo County Vertical Prosecution Program							
Grant Period: 7/1/2008 to 6/30/2009							
Audit Period: 7/1/2008 to 6/30/2009							
Personal services	\$ 219,350	\$ -	\$ 219,350	\$ -	\$ 219,350	\$ -	\$ 219,350
Totals	<u>\$ 219,350</u>	<u>\$ -</u>	<u>\$ 219,350</u>	<u>\$ -</u>	<u>\$ 219,350</u>	<u>\$ -</u>	<u>\$ 219,350</u>
Award: DC08190570, Yolo County Narcotics Team							
Grant Period: 7/1/2008 to 6/30/2009							
Audit Period: 7/1/2008 to 6/30/2009							
Personal services	\$ 125,150	\$ -	\$ 125,150	\$ 125,150	\$ -	\$ -	\$ 125,150
Operating expenses	19,919	-	19,242	19,242	-	-	19,242
Equipment	12,590	-	12,590	12,590	-	-	12,590
Totals	<u>\$ 157,659</u>	<u>\$ -</u>	<u>\$ 156,982</u>	<u>\$ 156,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,982</u>
Award: VV08040570, Violence Against Women Vertical Prosecution Program							
Grant Period: 7/1/2008 to 6/30/2009							
Audit Period: 7/1/2008 to 6/30/2009							
Personal services	\$ 120,000	\$ -	\$ 120,000	\$ 90,000	\$ -	\$ 30,000	\$ 120,000
Totals	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 120,000</u>

The required 25% County match was met. The County match was funded with discretionary General Fund dollars and was used for program salaries and benefits.

COUNTY OF YOLO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE #4 – OFFICE OF EMERGENCY SERVICES GRANT, (CONTINUED)

Office of Emergency Services Grants

	Budget	Expenditures Claimed			Share of Expenditures Current Year			
		For the Period Through 30-Jun-08	For the Year Ended 30-Jun-09	Cumulative as of 30-Jun-09	Federal Share	State Share	County Share	Total
Award: AG07010570, Anti-Gang Initiative								
Grant Period: 10/1/2007 to 9/30/2008								
Audit Period: 7/1/2008 to 6/30/2009								
Personal services	\$ 46,800	\$ 37,010	\$ 9,466	\$ 46,476	\$ 9,466	\$ -	\$ -	\$ 9,466
Operating expenses	3,200	3,200	-	3,200	-	-	-	-
Totals	<u>\$ 50,000</u>	<u>\$ 40,210</u>	<u>\$ 9,466</u>	<u>\$ 49,676</u>	<u>\$ 9,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,466</u>
Award: MH07020570, Cal-MMET								
Grant Period: 7/1/2007 to 12/31/2008								
Audit Period: 7/1/2008 to 6/30/2009								
Personal services	\$ 35,372	\$ 27,886	\$ 7,486	\$ 35,372	\$ -	\$ 7,486	\$ -	\$ 7,486
Operating expenses	1,347,991	1,020,176	327,814	1,347,990	-	327,814	-	327,814
Equipment	195,582	116,812	78,220	195,032	-	78,220	-	78,220
Totals	<u>\$ 1,578,945</u>	<u>\$ 1,164,874</u>	<u>\$ 413,520</u>	<u>\$ 1,578,394</u>	<u>\$ -</u>	<u>\$ 413,520</u>	<u>\$ -</u>	<u>\$ 413,520</u>
Award: MH07020570, Cal-MMET								
Grant Period: 1/1/2009 to 6/30/2010								
Audit Period: 7/1/2008 to 6/30/2009								
Personal services	\$ 122,694	\$ -	\$ 15,054	\$ 15,054	\$ -	\$ 15,054	\$ -	\$ 15,054
Operating expenses	1,249,058	-	405,485	405,485	-	405,485	-	405,485
Equipment	186,180	-	62,022	62,022	-	62,022	-	62,022
Totals	<u>\$ 1,557,932</u>	<u>\$ -</u>	<u>\$ 482,561</u>	<u>\$ 482,561</u>	<u>\$ -</u>	<u>\$ 482,561</u>	<u>\$ -</u>	<u>\$ 482,561</u>

COUNTY OF YOLO, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE #5 – CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION GRANTS

The following represents expenditures for the California Department of Corrections and Rehabilitation programs for the year ended June 30, 2009. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Budget	Expenditures Claimed			Share of Expenditures Current Year			
	For the Period Through	For the Year Ended	Cumulative as of	Federal Share	State Share	County Share	Total
	30-Jun-08	30-Jun-09	30-Jun-09				

Department of Corrections and Rehabilitation Grant

CSA 120-08, Juvenile Incentive Vertical Prosecution Unit

Grant Period: 7/1/2008 to 6/30/2009

Audit Period: 7/1/2008 to 6/30/2009

Personal services	\$ 11,402	\$ -	\$ 11,402	\$ 11,402	\$ 10,262	\$ -	\$ 1,140	\$ 11,402
Operating expenses	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Totals	\$ 11,402	\$ -	\$ 11,402	\$ 11,402	\$ 10,262	\$ -	\$ 1,140	\$ 11,402

The required 10% County match was met. The County match was funded with discretionary General Fund dollars and was used for program salaries and benefits.

NOTE #6 – DEPARTMENT OF AGING FEDERAL/STATE SHARE

The California Department of Aging (CDA) requires agencies who receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

CFDA No.	Grant No.	Federal Expenditures	State Expenditures
93.044	72-05-57-09	\$ 31,891	\$ -

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>

Type of auditors' report issued on compliance for major programs:

Unqualified for all major programs except for Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program Cluster, which were qualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.551/10.561</u>	<u>SNAP Cluster</u>
<u>10.557</u>	<u>Special Supplemental Nutrition Program for Women, Infants, and Children</u>
<u>17.258, 17.259, 17.260</u>	<u>Workforce Investment Act Cluster</u>
<u>93.778</u>	<u>Medicaid Cluster</u>
<u>93.558</u>	<u>Temporary Assistance for Needy Families</u>
<u>93.563</u>	<u>Child Support Enforcement</u>
<u>93.659</u>	<u>Adoption Assistance (Title IV-E)</u>
<u>93.658</u>	<u>Foster Care (Title IV-E)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,250,824</u>
Auditee qualified as low-risk auditee under OMB Circular A-133, Section 530?	<u>No</u>

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS

The following findings represent significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards:

FINDING 2009-01

LONG TERM FINANCIAL PLAN

Criteria:

County management have the responsibility of ensuring the ongoing financial health of the County. To accomplish this task it is imperative that the County adopt and adhere to balanced budgets, provide for the ongoing monitoring for all financial aspects of the County, and adjust/react to changes in the financial position of the County in a timely manner.

Condition:

During our audit it was noted that the Fund Balance in the County's General Fund has declined significantly over the last two fiscal years. The Fund balance of the General Fund was \$2,481,369 at June 30, 2009 and the related Net Change in Fund Balance was negative \$8,419,196. The Fund Balance in the General Fund at June 30, 2008 and June 30, 2007 was \$10,900,565 and \$25,914,218, respectively.

It is also noted the County does not have a formal long-term financial plan and general fund unreserved fund balance policy. Long-term financial planning combines financial forecasting with strategizing. It is a highly collaborative process that considers future scenarios and helps governments navigate challenges. Long-term financial planning works best as part of an overall strategic plan. Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables. Long-term financial planning is the process of aligning financial capacity with long-term service objectives. Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

The adequacy of unreserved fund balance in the general fund should be assessed based upon a County's own specific circumstances. According to the Government Finance Officers Association, it is recommended, at a minimum, that general-purpose local governments, regardless of size, maintain unreserved fund balance in their general fund of either 1) no less than 5 to 15 percent of regular general fund operating revenues, or 2) no less than one to two months of regular general fund operating expenditures. A government's particular situation, of course, may require levels of unreserved fund balance in the general fund significantly in excess of these recommended minimum levels.

Context:

The financial condition was considered as part of the audit process.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS

Effect:

The County may be at risk of having insufficient resources to meet the demands for services or uncertain events as a result of the economic downturn.

Cause:

The County does not have a formal long-term financial plan and general fund unreserved fund balance policy.

Recommendation:

We recommend that the County develop short and long-range planning and budgeting aimed at addressing the observed conditions relating to the County's future viability. The County should focus on factors that mitigate the General Fund's deficits. The factors should relate primarily to the County's alternate means for maintaining adequate cash flows. Management's plan may include plans to reduce or delay expenditures. We also recommend that the County review the adequacy of unreserved fund balance and adopt similar policies recommended by the GFOA.

View of responsible official and planned corrective action:

We concur with the recommendation and are taking steps to implement it. In its meeting of February 12, 2010, the Board of Supervisors received a presentation from the Government Finance Officers Association on long-term financial planning. At the same meeting the Board directed the county administrator to proceed with developing a long term financial plan. We envision that such plan will address existing deficit fund balances, include a reserve policy and identify other strategies to achieve financial sustainability. The county administrator and the county auditor-controller are presently developing the framework for the plan and expect to have it in place within the next twelve months.

FINDING 2009-02

TIMELY PREPARATION OF THE FINANCIAL STATEMENTS

Criteria:

Management should establish a well-defined process for its annual financial reporting. The process and its key attributes (e.g., overall timing, methodology, segregation of duties, frequency of analyses and review by County management) should be formally documented, approved, and reviewed on a regular basis.

Financial reports are intended to meet the needs of decision makers, including the governing board, bondholders, federal and state oversight agencies, and constituents. Accordingly, *timeliness* was identified as one of the *characteristics of information in financial reporting* in Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), *Objectives of Financial Reporting*. To accomplish this objective, financial reports must be available in time to inform decision making. Therefore, financial reports should be published as soon as possible after the end of the reporting period.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued FOR THE FISCAL YEAR ENDED JUNE 30, 2009

II. FINANCIAL STATEMENT FINDINGS

Sometimes the need for timeliness has to be balanced against the need for reliability, which also was identified as one of the *characteristics of information in financial reporting* identified in GASB Concepts Statement No. 1. While governments certainly should not sacrifice reliability for timeliness, minor gains in precision ought not to be purchased at the price of indefinite delay (e.g., accounting estimates).

Legislative deadlines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective. The same holds true for the submission deadlines used by various award programs such as the GFOA's Certificate of Achievement for Excellence in Financial Reporting Program.

The additional cost of timelier financial reporting (e.g., additional staff and overtime) also needs to be considered. The cost to be incurred should never exceed the benefits anticipated.

Condition:

During our testwork over the County's Comprehensive Annual Financial Report (CAFR), we noted the CAFR preparation process is primarily performed by one individual within the general accounting department. The CAFR preparation process is extensive, complex and time consuming. We noted the County needs to increase the personnel involved in the CAFR preparation and review process, which will allow the County to insure the timeliness and reliability of its annual financial statements.

Context:

The condition above was noted during the audit process.

Effect:

The CAFR was not prepared in a timely manner and submitted by the GFOA's Certificate of Achievement for Excellence in Financial Reporting deadline.

Cause:

Due to the County's budget constraints, there is a limited number of County personnel involved in the CAFR preparation.

Recommendation:

We recommend the County implement policies and procedures to ensure its annual financial statements are issued timely. In addition, we recommend that the County involve more personnel or resources toward the preparation of the CAFR.

View of responsible official and planned corrective action:

We concur and are taking steps to implement the recommendation. We have scheduled a meeting in April 2010 with the independent auditors to begin planning for preparation of the 2010 CAFR with the goal of publishing the audited financial statements by December 31, 2010. We are concurrently attempting to secure additional county resources for this important annual task.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133, section .510(a).

FINDING 2009-03

Program: Supplemental Nutrition Assistance Program Cluster

CFDA No.: 10.551 and 10.561

Federal Agency: Department of Agriculture

Passed-through: State of California Department of Social Services

Award Year: Fiscal year 2008-2009

Compliance Requirement: Special Tests and Provision – EBT Reconciliation

Criteria:

The *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* requires that Counties that use EBT must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system with the State’s benefit account with Treasury and EBT contractor records.

Condition Found:

Material Weakness, Material Instance of Non-Compliance - During our procedures performed we noted the County did not perform procedures to reconcile all of the funds entering into, exiting from, and remaining in the system with the State’s benefit account with Treasury and EBT contractor records for fiscal year 2008-09. We noted the County implemented procedures during fiscal year 2009-10 to reconcile benefits issued.

Questioned Costs:

No questioned costs were noted as a result of the procedures performed.

Context:

Through testwork of special tests and provision compliance requirements we noted EBT reconciliation procedures were not performed during the fiscal year 2008-09.

Effect:

As a result of the condition, there is an increased risk of non-compliance with the requirements applicable to Special Tests & Provisions.

Cause:

The County did not have policies and procedures in place to ensure the EBT reconciliation was performed for fiscal year 2008-2009.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Recommendation:

We recommend that the County clarify its established policies and procedures with regard to reconciliation of EBT benefits and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel.

Views of Responsible Officials and Planned Corrective Actions:

The County of Yolo Department of Employment and Social Services agrees with the above finding and acknowledges this was a known deficiency. This reconciliation was implemented at the start of this fiscal year and has been maintained to date. Prior staffing levels and skills of the staff in those levels didn't provide the resources needed to accomplish this reconciliation. This fiscal year a new supervisor was transferred into the unit and a Senior Accounting Technician was hired with this task as one of his primary duties. Policies and Procedures are currently being written and should be ready by the end of fiscal year 2009-10.

FINDING 2009-04

Program: Supplemental Nutrition Assistance Program Cluster- SNAP

CFDA No.: 10.551 and 10.561

Federal Agency: Department of Agriculture

Passed-through: State of California Department of Social Services

Award Year: Fiscal year 2008-2009

Compliance Requirement: Eligibility

Criteria:

The *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* requires that the County utilize the Income and Eligibility Verification System (IEVS) to verify eligibility using wage information available from such agencies as the agencies administering State unemployment compensation laws, Social Security Administration, and the Internal Revenue Services to verify income eligibility and the amount of eligible benefits. The State of California has used IEVS since 1987 to verify income information received from applicants and recipients.

In addition, it requires that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Condition Found:

Significant Deficiency, Instances of Non-Compliance - In establishing a new case, the client is certified to receive benefits for a one-year period (certification period). No benefits are to be issued after the certification period end date. The client must go through the recertification process in order to continue receiving benefits. The intake and certification process requires that information contained on the SAWS-1 be obtained to determine eligibility.

Of the 60 cases selected for test work, we noted the following:

- 4 cases where supporting documentation was not available to demonstrate income verification was performed through the Income Eligibility Verification System (IEVS).
- 2 cases where the SAWS 1 were not in the case file.

Questioned Costs:

Our sample resulted in known questioned costs of \$2,029; our projection of this exception to the entire population suggests that there are likely questioned costs that are material to the program.

Context:

The County is required to maintain supporting documentation to support eligibility determination.

Effect:

Case data may not be current in the case file or the system, which could lead to initial and continuation eligibility errors, inaccurate benefit calculations, and benefit overpayments. If required forms are not properly obtained from clients case data may not be current in the system, which could lead to eligibility continuation errors, inaccurate benefit calculations, benefit overpayments, and increased error rates for the County. This situation could also result in potential fines from the State of California for excessive error rate percentages.

Cause:

The condition is primarily caused by the County not following its established policies and procedures to ensure that documentation supporting eligibility determinations are maintained in the case files.

Recommendation:

We noted this is a repeat condition as a result of the FY 2008 Single Audit.

While the County has improved its documentation of eligibility, we recommend that the County continue to clarify its established policies and procedures with regard to initial and ongoing eligibility determination, required adjustments to benefits, required documentation, maintenance of participant files, and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Views of Responsible Officials and Planned Corrective Actions:

IEVS- Effective April 2010, supervisors will begin randomly reviewing 5 intake/RRRS per worker per month for IEVS compliance.

SAWS1- We will be reminding staff that the SAWS1 or DFA285A1 must be on file at intake and RRR.

FINDING 2009-05

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

Federal Agency: Department of Health and Human Services

Passed-through: California Department of Social Services

Award Year: FY 2008-2009

Compliance Requirement: Special Tests and Provisions- Income Eligibility and Verification System

Criteria:

The *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* requires that the County utilize the Income and Eligibility Verification System (IEVS) to verify eligibility using wage information available from such agencies as the agencies administering State unemployment compensation laws, Social Security Administration, and the Internal Revenue Services to verify income eligibility and the amount of eligible benefits. The State of California has used IEVS since 1987 to verify income information received from applicants and recipients. In addition, the *OMB Circular A-133 Compliance Supplement* outlines people receiving benefits must cooperate with Child Support Services.

According to the County's policies, lead workers review 100% of all intake cases and 5 re-determination cases per month. One of the focuses of the review is to ensure that appropriate IEVS reports are on file or in the Ca1WIN system and have been signed and dated (if hard copy) or marked as processed (if electronic copy only).

Condition:

Material Weakness, Material Instances of Non-Compliance - Caseworkers are required to utilize the Income Eligibility Verification System (IEVS) to verify the eligibility of individuals to receive TANF benefits. The IEVS reports are required to be signed by the caseworkers to evidence their review of income eligibility. Caseworkers are also required to reduce benefits by 25% for non-cooperation with Child Support Services.

Of the 60 TANF case files selected for testwork:

- 13 cases where supporting documentation was not available to show income verification was performed through the Income Eligibility Verification System (IEVS).
- 14 cases where the IEVS reports were not signed by the caseworker or approved by a supervisor.
- 1 case where the C2.1Q (agreement to cooperate with child support services) could not be located
- 2 cases where the CW-371 could not be located in the case file

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Questioned Costs:

Our sample resulted in known questioned costs of \$95,648; our projection of this exception to the entire population suggests that there are likely questioned costs that are material to the program.

Context:

The condition noted above was identified during our examination of the eligibility files.

Effect:

The County is not in compliance with Income Eligibility and Verification compliance requirements set forth in *OMB A-133 Compliance Supplement*

Cause:

The eligibility workers (EW) did not document their use of IEVS or properly sign and date the IEVS matching report. In addition, the EW did not take the appropriate steps to reduce benefits for non-cooperation with Child Support Services.

Recommendation:

We noted this is a repeat condition as a result of the FY 2008 Single Audit.

We recommend that the County reexamine its current policies and procedures to ensure existing policies are properly designed to reduce the risk of non-compliance with income verification compliance requirements. We recommend that a supervisor or caseworker periodically review a sampling of case files to ascertain that the IEVS reports exist and are properly signed to ensure compliance with the federal eligibility requirement.

Views of Responsible Officials and Planned Corrective Actions:

IEVS- Effective April 2010, supervisors will begin randomly reviewing 5 intake/RRRS per worker per month for IEVS compliance.

CA2.1Q and CW 371 forms- We will be reviewing the process with all PAS' to ensure this procedure is followed on all relevant cases.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2009-06

Program: Temporary Assistance to Needy Families
CFDA No.: 93.558
Federal Agency: Department of Health and Human Services
Passed-through: California Department of Social Services
Award Year: 2008-2009
Compliance Requirement: Eligibility

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for Eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible clients in accordance with federal requirements.

Per the Eligibility Assistance Standards Manual section 40-181, l(k), "Documents and/or evidence required of the applicant/recipient to support the initial and/or continuing determination of eligibility must be received by the County on or before the appropriate deadline established by the county and/or in conjunction with each Eligibility Chapter or these regulations," Also, redeterminations are required to be completed at least once every twelve months per the EAS manual, section 40-181.2.

According to the County's policies, lead workers review 100% of all intake cases and 5 re-determination cases per month.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - Of the 60 cases selected for eligibility testwork, we noted the following:

- 5 cases where at least one of the quarterly status reports (QR7) was missing from the case file.
- 2 cases where the SAWS 2 and/or SAWS 2A could not be located.
- 3 cases where the 60 month calendar (YC477) was not on file or not filled out by the case worker.
- 1 case where the client exceeded the personal property limit, which resulted in an overpayment of \$821.
- 3 cases where the PAS review (the PAS review is a supervisory review of intake cases) was not performed

Questioned Costs:

Our sample resulted in known questioned costs of \$821.

Context:

The condition noted above was identified during our examination of the eligibility files.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Effect:

Case data may not be current in the case file or the system, which could lead to initial and continuation eligibility errors, inaccurate benefit calculations, and benefit overpayments. The County might become out of compliance with Federal and State program eligibility requirements and would be subject to sanctioning by these grantor agencies, resulting in it loss of funding.

Cause:

This is primarily due to lack of secondary oversight to ensure that all forms are completed and signed prior to granting aids.

Recommendation:

We noted this is a repeat condition as a result of the FY 2008 Single Audit.

We recommend that the County clarify its established policies and procedures with regard to initial and ongoing eligibility determination, required adjustments to benefits, required documentation, maintenance of participant files, and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel.

Views of Responsible Officials and Planned Corrective Actions:

QR7's- We will be reminding staff that the processing of QR7s and that they must have one on file.

SAWS2 and SAWS2A- We will be reminding staff that the SAWS2 and SAWS2A must be on file at intake and RRR.

YC477 and property limits- We will be reviewing the process with all PAS' to ensure this procedure is followed on all relevant cases.

These are all areas reviewed for when the case is selected for random quality control (QC) review. Effective May 2010, supervisors will begin reviewing a random selection of cases QC'd by lead workers to ensure consistency and thoroughness. All results will be tracked and monitored by the supervisor and manager.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2009-07

Program: Temporary Assistance for Needy Families
CFDA No.: 93.558
Federal Grantor: US Department of Health and Human Services
Passed-through: California Department of Social Services
Award Year: FY 2008-2009
Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* states that a pass-through entity is responsible for “*Award Identification – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.*”

Condition Found:

Instance of Non-Compliance - It was noted that the agreements between the County and the provider (subrecipient) did not include the CFDA title and number as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the County’s contracts/agreements with its subrecipient.

Effect:

The subrecipient agreements do not specifically identify the CFDA title and number, award name and Federal agency. Accordingly, subrecipients may not be aware that they have received Federal funding, which might require the subrecipient to have a Single Audit performed.

Cause:

The County did not maintain procedures to ensure that the CFDA title and number, award name and Federal agency were identified in the formalized agreement executed with subrecipients.

Recommendation:

We recommend the County implement policies and procedures to ensure that information required by *OMB Circular A-133* is included in subrecipient agreements.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

View of Responsible Official and Planned Corrective Actions:

To ensure future compliance with the *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement*, the Department of Employment and Social Services will revise its contract development procedures to ensure that future subrecipient agreements include CFDA title and number, award name and the federal agency funding the program.

The County is also in the process of hiring an auditor-accountant to perform subrecipient monitoring and to develop any additional expertise the County may need to be fully compliant with OMB A-133 requirements.

FINDING 2009-08

Program: Supplemental Nutrition Program Cluster, Temporary Assistance for Needy Families, Workforce Investment Act Cluster, ARRA – Workforce Investment Act Cluster and Medical Assistance Program

CFDA No.: 10.551, 10.561, 93.558, 17.258, 17.259, 17.260, 93.778

Federal Agency: Department of Agriculture, Department of Health and Human Services, Department of Labor

Passed-through: State of California Department of Social Services, Department of Employment Development

Award Year: FY 2008-2009

Compliance Requirement: Allowable Costs and Activities

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "maintaining internal control over Federal programs that provide 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."

Internal control means a process, developed by the entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) Reliability of financial reporting; (2) Compliance with applicable laws and regulations; and (3) Effectiveness and efficiency of operations.

The Fiscal year 2008-2009 grant agreement with the State of California requires the County submit the County Expense Claim (CEC) for program administrative costs to the State of California on a quarterly basis for reimbursement.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - The County submits the CEC for program administrative costs to the State of California on a quarterly basis for reimbursement. Caseworkers complete time study forms on a quarterly basis, which are compiled into a time study summary report that is used to allocate the payroll expenditures to the various federal programs in the CEC.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Of the 64 employee time study transactions selected from the quarterly time study reports for testwork, we noted 16 tested did not agree to the quarterly time study summary reports. In these 16 instances the employee's total allocable and nonallocable hours per the time study summary report did not agree to the employee's payroll information, which resulted in a total of 64.25 hours in question from the sample selected. We also noted 5 instances where the time study hours or time code did not agree to the State's time study excel file used for the download into the CEC.

We noted during our review of the 4th quarter time study testing the Financial Management Division implemented an audit of timesheets and time studies. The result was all variances noted in the 4th quarter testing were corrected on revised time studies.

Questioned Costs:

No question costs were identified as a result of the procedures performed.

Context:

The condition noted above was noted during our testing procedures over allowable cost/activities.

Effect:

As a result of these discrepancies, the ratios used to allocate payroll expenditures to the various federal programs in the CEC, which are derived from the data in the time study summary reports, could result in inaccuracies of allocated costs.

Cause:

The appropriate level of monitoring was not administered by the department, sufficient to prevent, detect and correct the discrepancies between the time reported for the CEC and the exception based time card prepared by the County employees.

Recommendation:

We noted this is a repeat condition as a result of the FY 2008 Single Audit.

We recommend that the County review the current preparation process for the quarterly time summary reports and implement formal reconciliation and review procedures of the payroll records and the time study reports in order to ensure the accuracy of the time study summary reports. This preventive control will help ensure that the amounts claimed for reimbursement for each of the federal programs included in the CEC are accurate.

Views of Responsible Officials and Planned Corrective Actions:

The suggested recommendation was implemented during the first quarter of the 09/10 fiscal year. It is anticipated that this reconciliation process will resolve the issues mentioned above.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2009-09

Program: Workforce Investment Act Cluster, ARRA – Workforce Investment Act Cluster (WIA)

CFDA No.: 17.258, 17.259, and 17.260

Federal Grantor: US Department of Labor

Passed-through: State of California Department of Employment Development

Award Year: FY 2008-2009

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* states that a pass-through entity is responsible for “Award Identification – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements”. *Subrecipient Audits* - Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - It was noted that the agreements between the County and the providers (subrecipients) did not include the CFDA title and number as required by *OMB Circular A-133*. We also obtained copies of the County's subrecipient's single audit reports for the fiscal year 2007-08. We noted one of the subrecipients did not properly identify the Workforce Investment Act funds passed through to them from the County on their Schedule of Expenditures of Federal Awards (SEFA). We noted the funds were identified under CFDA number 93.674 and titled Chafee Foster Care Independent Living Cluster. We also noted the County could not reconcile the amount reported by their subrecipient's SEFA to County records. The County made no attempt to contact the subrecipient regarding the errors in reporting federal funds passed through from the County.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the County's contracts/agreements with subrecipients and by reviewing their subrecipients single audit reports.

Effect:

The subrecipient agreements do not specifically identify the CFDA title and number, award name and Federal agency. Accordingly, subrecipients may not be aware that they have received Federal funding, which might require the subrecipient to have a Single Audit performed. Also the County must monitor how federal awards are being presented in the single audit reports of their subrecipients to insure federal funds passed through by the County are being reported correctly.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Cause:

The County did not maintain procedures to ensure that the CFDA title and number, award name and Federal agency were identified in the formalized agreement executed with subrecipients. We also noted personnel involved in monitoring of subrecipients were unfamiliar with the federal requirements for subrecipient monitoring.

Recommendation:

We recommend the County implement policies and procedures to ensure that information required by *OMB Circular A-133* is included in subrecipient agreements and personnel involved in the process are trained on the federal requirements for subrecipient monitoring. Also, we recommend the County ensure the receipt of appropriate corrective action on all audit findings.

View of Responsible Official and Planned Corrective Actions:

To ensure future compliance with the *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement*, the Department of Employment and Social Services will revise its contract development procedures to ensure that future subrecipient agreements include CFDA title and number, award name and the federal agency funding the program.

The County is also in the process of hiring an auditor-accountant to perform subrecipient monitoring and to develop any additional expertise the County may need to be fully compliant with OMB A-133 requirements.

FINDING 2009-10

Program: Medical Assistance Program

CFDA No.: 93.778

Federal Grantor: US Department of Health and Human Services

Passed-through: California Department of Health Services

Award Year: FY 2008-2009

Compliance Requirement: Eligibility

Criteria:

The *March 2009 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* requires that:

- 1) The County shall re-determine the eligibility of Medicaid recipients with respect to circumstances that may change (e.g., income eligibility), at least every 12 months.
- 2) The County shall utilize the Income and Eligibility Verification System (IEVS) to verify eligibility using wage information available from such agencies as the agencies administering State unemployment compensation laws, Social Security Administration, and the Internal Revenue Service to verify income eligibility and the amount of eligible benefits. The State of California has used IEVS since 1987 to verify income information received from applicants and recipients.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- 3) The County shall require a written signed application under penalty of perjury and included in each applicant's case records facts to support the County's decision on the application.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - Of the 60 case files selected for testwork, we noted the following:

- We noted 5 case files where the IEVS was either not present in the case file or not reviewed via CalWin System.
- We noted 4 case files where the DHCS0011 form for proof of citizenship verification were missing.
- We noted 8 case files where the MC 13 (Statement of citizenship, alienage, and immigration status) were missing.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the County's eligibility process.

Effect:

The County increases its risk of non-compliance with eligibility requirements set forth in *OMB A-133 Compliance Supplement*.

Cause:

The County's existing procedures did not ensure that caseworkers consistently documented the review of the IEVS report and maintained documentation in the applicant's file to support proof of citizenship.

Recommendation:

We recommend that the County implement procedures to ensure that IEVS reports and proof of citizenship are consistently documented in participant case files.

Views of Responsible Officials and Planned Corrective Actions:

IEVS- Effective April 2010, supervisors will begin randomly reviewing 5 intake/RRRS per worker per month for IEVS compliance.

DHCS0011 and MC13- We will be reviewing the process with all PAS' to ensure this procedure is followed on all relevant cases.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2009-11

Program: In-Home Supportive Services Program, ARRA – In-Home Supportive Services Program

CFDA No.: 93.778

Federal Agency: Department of Health and Human Services

Passed-through: State of California Department of Social Services

Award Year: 2008-2009

Compliance Requirement: Eligibility

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for Eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible participants in accordance with federal requirements. Additionally it is required that the awarding agency “*verify each SSN of each applicant and recipient with SSA Social Security Administration to ensure that each SSN furnished was issued to that individual and to determine whether any others were issued*”. The Compliance Supplement also specifies that a redetermination of eligibility occurs at least every 12 months.

Condition Found:

Material Weakness, Material Instances of Non-Compliance - Of the 60 cases selected for eligibility testwork, we noted the following:

- 23 cases where the recipient redetermination of eligibility was performed untimely (outside of the 12 month requirement).
- During fiscal year 2008-09 County eligibility determination process did not require adult services workers to verify provider’s social security numbers with the Social Security Administration (SSA). We noted during our procedures the county retroactively implemented this procedure and checked all providers’ social security numbers with the Social Security Administration.

Questioned Cost:

No questioned costs were identified as a result of the procedures performed.

Context:

The condition noted above was identified during our examination of the eligibility case files.

Effect:

Case data may not be accurate or current in the case file or cash management information payrolling system (CMIPS), which could lead to initial and subsequent eligibility errors, inaccurate benefit calculations, and benefit overpayments. The County may become out of compliance with Federal and State program eligibility requirements and would be subject to sanctioning by these grantor agencies, resulting in a loss of funding.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Cause:

This is primarily due to a lack oversight to ensure procedures are followed to ensure proper social security verification and a lack monitoring over the timeliness of annual eligibility re-determinations performed.

Recommendation:

We recommend that the County clarify its established policies and procedures with regard to the initial and ongoing eligibility determination, maintenance of participant files, and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel.

View of Responsible Officials and Planned Corrective Actions:

Eligibility will work with APS to refine our process to ensure timely completion of RRRs.

Adult Services:

Effective 11/1/09 new providers were requested to come into the office and bring in original SSN card and ID to verify their identity. Existing providers are currently being processed and will be completed by 6/30/10.

FINDING 2009-12

Program: Foster Care Program, ARRA – Foster Care Program, Adoption Assistance Program, ARRA - Adoption Assistance Program

CFDA No.: 93.658 and 93.659

Federal Agency: Department of Health and Human Services,

Passed-through: State of California Department of Social Services

Award Year: FY 2008-2009

Compliance Requirement: Allowable Costs and Activities

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "maintaining internal control over Federal programs that provide 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."

Internal control means a process, developed by the entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) Reliability of financial reporting; (2) Compliance with applicable laws and regulations; and (3) Effectiveness and efficiency of operations.

The Fiscal year 2008-2009 grant agreement with the State of California requires the County submit the County Expense Claim (CEC) for program administrative costs to the State of California on a quarterly basis for reimbursement.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Condition Found:

Significant Deficiency, Instance of Non-Compliance - The County submits the CEC for program administrative costs to the State of California on a quarterly basis for reimbursement. Caseworkers complete time study forms on a quarterly basis, which are compiled into a time study summary report that is used to allocate the payroll expenditures to the various federal programs in the CEC. Of the 8 employee time study transactions selected from the quarterly time study reports for testwork, we noted 2 tested did not agree to the quarterly time study summary reports. In these 2 instances the employee's total allocable and nonallocable hours per the time study summary report did not agree to the employee's payroll information, which resulted in a total of 9.5 hours in question from the sample selected.

We noted during our review of the 4th quarter time study testing the Financial Management Division implemented an audit of timesheets and time studies. The result was all variances noted in the 4th quarter testing were corrected on revised time studies.

Questioned Costs:

As a result of our procedures no questioned costs were noted.

Context:

The condition noted above was noted during our testing procedures over allowable cost/activities.

Effect:

As a result of these discrepancies, the ratios used to allocate payroll expenditures to the various federal programs in the CEC, which are derived from the data in the time study summary reports, could result in inaccuracies of allocated costs.

Cause:

The appropriate level of monitoring was not administered by the department, sufficient to prevent, detect and correct the discrepancies between the time reported for the CEC and the exception based time card prepared by the County employees.

Recommendation:

We recommend that the County review the current preparation process for the quarterly time summary reports and implement formal reconciliation and review procedures of the payroll records and the time study reports in order to ensure the accuracy of the time study summary reports. This preventive control will help ensure that the amounts claimed for reimbursement for each of the federal programs included in the CEC are accurate.

Views of Responsible Officials and Planned Corrective Actions:

The suggested recommendation was implemented during the first quarter of the 09/10 fiscal year. It is anticipated that this reconciliation process will resolve the issues mentioned above. In addition, we have added a second audit to time studies prior to processing them for reporting in the CEC.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR THE FISCAL YEAR ENDED JUNE 30, 2009**

Summarized below is the current status of all audit findings reported in the prior year audit’s schedule of audit findings and questioned costs.

Finding No.	Program	CFDA No.	Compliance Requirement	Status
2008-01	Year End and Cutoff	N/A	N/A	Implemented
2008-02	Food Stamps Cluster/SNAP, Temporary Assistance for Needy Families	10.551, 10.561, 93.558	Allowable Costs and Activities	Not Implemented. See Finding 2009-08
2008-03	Food Stamps/SNAP Cluster	10.551 and 10.561	Special Tests and Provisions – ADP System for Food Stamps/SNAP	Not Implemented. See Finding 2009-04
2008-04	Temporary Assistance for Needy Families	93.558	Special Tests and Provisions – Income Eligibility and Verification Systems	Not Implemented. See Finding 2009-05
2008-05	Temporary Assistance for Needy Families	93.558	Eligibility	Not Implemented. See Finding 2009-06

COUNTY OF YOLO, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF COMMUNITY SERVICES BLOCK GRANT
FOR FISCAL YEAR ENDED JUNE 30, 2009

Contract #06F-4754, 2007
1/1/06 - 6/30/08

<u>Revenues</u>	<u>Through 6/30/2008</u>	<u>7/1/2008 - 6/30/2009</u>	<u>Totals</u>	<u>Total Budget</u>
Grant Revenue	\$ 255,337	\$ 5,669	\$ 261,006	\$ 261,006
Interest Income	-	-	-	-
Other Income	-	-	-	-
Total Revenue	<u>\$ 255,337</u>	<u>\$ 5,669</u>	<u>\$ 261,006</u>	<u>\$ 261,006</u>
Expenditures				
Administrative Costs				
Salaries and Wages	\$ 43,896	\$ -	\$ 43,896	\$ 43,896
Fringe Benefits	20,657	-	20,657	20,657
Other Costs	16,125	-	16,125	16,125
Subtotal Administrative Costs:	<u>\$ 80,678</u>	<u>\$ -</u>	<u>\$ 80,678</u>	<u>\$ 80,678</u>
Program Costs				
Other Costs	\$ 14,328	\$ -	\$ 14,328	\$ 14,328
Sub-Contractors	166,000	-	166,000	166,000
Total Non-Personnel Costs	<u>\$ 180,328</u>	<u>\$ -</u>	<u>\$ 180,328</u>	<u>\$ 180,328</u>
Total Expenditures	<u>\$ 261,006</u>	<u>\$ -</u>	<u>\$ 261,006</u>	<u>\$ 261,006</u>

Contract #07F-4876
9/15/2007 - 9/15/2008

<u>Revenues</u>	<u>7/1/2007 - 6/30/2008</u>	<u>7/1/2008 - 6/30/2009</u>	<u>Totals</u>	<u>Total Budget</u>
Grant Revenue	\$ -	\$ -	\$ -	\$ 24,500
Interest Income	-	-	-	-
Other Income	-	-	-	-
Total Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,500</u>
Expenditures				
Administrative Costs				
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Operating expenses and equipment	-	2,500	2,500	2,500
Fringe Benefits	-	-	-	-
Other Costs	-	-	-	-
Subtotal Administrative Costs:	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>
Program Costs				
Other Costs	\$ -	\$ -	\$ -	\$ -
Sub-Contractors	-	22,000	22,000	22,000
Total Non-Personnel Costs	<u>\$ -</u>	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 22,000</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 24,500</u>	<u>\$ 24,500</u>	<u>\$ 24,500</u>

COUNTY OF YOLO, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF COMMUNITY SERVICES BLOCK GRANT, Continued
FOR FISCAL YEAR ENDED JUNE 30, 2009

Contract #08F-4952

1/1/08 - 12/31/09

2008

<u>Revenues</u>	7/1/2007 - 6/30/2008	7/1/2008 - 6/30/2009	Totals	Total Budget
Grant Revenue	\$ 110,788	\$ 150,215	\$ 261,003	\$ 261,006
Interest Income	-	-	-	-
Other Income	-	-	-	-
Total Revenue	<u>\$ 110,788</u>	<u>\$ 150,215</u>	<u>\$ 261,003</u>	<u>\$ 261,006</u>

Expenditures

Administrative Costs

Salaries and Wages	\$ 22,547	\$ 20,421	\$ 42,968	\$ 42,948
Fringe Benefits	10,320	10,419	20,739	20,740
Other Costs	8,853	9,700	18,553	18,574
Subtotal Administrative Costs:	<u>\$ 41,720</u>	<u>\$ 40,540</u>	<u>\$ 82,260</u>	<u>\$ 82,262</u>

Program Costs

Other Costs	\$ 1,088	\$ 11,656	\$ 12,744	\$ 12,744
Sub-Contractors	85,228	80,771	165,999	166,000
Total Non-Personnel Costs	<u>\$ 86,316</u>	<u>\$ 92,427</u>	<u>\$ 178,743</u>	<u>\$ 178,744</u>

Total Expenditures	<u>\$ 128,036</u>	<u>\$ 132,967</u>	<u>\$ 261,003</u>	<u>\$ 261,006</u>
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Contract #08F-4952

1/1/08 - 12/31/09

2009

<u>Revenues</u>	7/1/2007 - 6/30/2008	7/1/2008 - 6/30/2009	Totals	Total Budget
Grant Revenue	\$ -	\$ 78,800	\$ 78,800	\$ 261,006
Interest Income	-	-	-	-
Other Income	-	-	-	-
Total Revenue	<u>\$ -</u>	<u>\$ 78,800</u>	<u>\$ 78,800</u>	<u>\$ 261,006</u>

Expenditures

Administrative Costs

Salaries and Wages	\$ -	\$ 27,216	\$ 27,216	\$ 43,678
Fringe Benefits	-	13,413	13,413	21,095
Other Costs	-	10,969	10,969	17,489
Subtotal Administrative Costs:	<u>\$ -</u>	<u>\$ 51,598</u>	<u>\$ 51,598</u>	<u>\$ 82,262</u>

Program Costs

Other Costs	\$ -	\$ 85,417	\$ 85,417	\$ 12,744
Sub-Contractors	-	11,719	11,719	166,000
Total Non-Personnel Costs	<u>\$ -</u>	<u>\$ 97,136</u>	<u>\$ 97,136</u>	<u>\$ 178,744</u>

Total Expenditures	<u>\$ -</u>	<u>\$ 148,734</u>	<u>\$ 148,734</u>	<u>\$ 261,006</u>
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