



**COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER DIVISION**

**SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

COUNTY OF SACRAMENTO, CALIFORNIA

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

For the Fiscal Year Ended June 30, 2010

COUNTY OF SACRAMENTO, CALIFORNIA

**SINGLE AUDIT REPORT
(OMB CIRCULAR A-133)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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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 Sacramento, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sacramento (the County), California, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 20, 2010. Our report was modified to include an explanatory paragraph regarding the County's General Fund Unreserved Fund Balance deficit and the adoption of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010. 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.

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 a 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2010-01 through 2010-04 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's response to the findings identified in our audit is 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.

Varrinck, Trine, Day & Co. LLP

Sacramento, California
December 20, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Board of Supervisors
County of Sacramento, California

Compliance

We have audited the County of Sacramento's, California (the County), compliance with the types of compliance requirements described in the *OMB A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in items 2010-07, 2010-09, 2010-12, 2010-15 and 2010-16, in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding eligibility that are applicable to its Adoption Assistance, Foster Care and Medicaid Cluster programs, requirements regarding subrecipient monitoring that are applicable to its Supportive Housing Program, and requirements regarding procurement that are applicable to its Block Grants for Prevention and Treatment of Substance Abuse program. Compliance with such requirements is necessary, in our opinion, for the County to comply with 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 2010-05, 2010-06, 2010-08, 2010-10, 2010-13, 2010-14, 2010-17, 2010-18, 2010-19, 2010-20, 2010-21 and 2010-22.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with 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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-07, 2010-09, 2010-12, 2010-15 and 2010-16 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-05, 2010-06, 2010-10, 2010-11, 2010-14, 2010-17, 2010-18, 2010-20, 2010-21 and 2010-22 to be significant deficiencies.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2010, and have issued our report thereon dated December 20, 2010. Our report was modified to include an explanatory paragraph regarding the County's General Fund Unreserved Fund Balance deficit and the adoption of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information 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.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California
March 31, 2011, except for the schedule of expenditures of federal awards
as to which the date is December 20, 2010

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. CORPORATION FOR NATIONAL & COMM. SVC.</u>				
<u>DIRECT PROGRAMS:</u>				
CNCS Retired Senior Volunteer Program	94.002	07-SRPCA012	\$109,387	\$109,387
CATALOG TOTAL			109,387	109,387
CNCS Foster Grandparents Program	94.011	08SFPCA003	436,616	187,614
CNCS Foster Grandparents Program (2)	94.011	08SFPCA00	436,616	207,597
CATALOG TOTAL			873,232	395,211
CNCS Senior Companion Program	94.016	06SPCA010	130,964	45,477
CNCS Senior Companion Program (2)	94.016	10SCPCA001	106,120	67,688
CATALOG TOTAL			237,084	113,165
DIRECT PROGRAMS:			1,219,703	617,763
TOTAL DIRECT PROGRAMS:			\$1,219,703	\$617,763
TOTAL U.S. CORPORATION FOR NATIONAL & COMM. SVC.			\$1,219,703	\$617,763

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<u>PASSED THROUGH STATE DEPARTMENT OF HEALTH SERVICES:</u>				
Women, Infants and Children (WIC)	10.557	08-85462	\$4,773,771	\$4,773,771
CATALOG TOTAL			4,773,771	4,773,771
<u>PASSED THROUGH STATE DEPARTMENT OF HEALTH SERVICES:</u>			4,773,771	4,773,771
<u>PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$16,159,401	\$16,159,401
SNAP FS - CalWIN Project	10.561		1,215,719	1,215,719
ARRA - Supplemental Nutrition Assistance Program (SNAP) Adm.	10.561		\$543,579	\$543,579
CATALOG TOTAL			17,918,699	17,918,699
<u>PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:</u>			17,918,699	17,918,699
TOTAL PASS THROUGH PROGRAMS:			\$22,692,470	\$22,692,470
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$22,692,470	\$22,692,470

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<u>DIRECT PROGRAMS:</u>				
Environmental Services Coop Agreement IV	12.607	FA89030920002	\$9,469	\$9,469
Environmental Services Coop Agreement III	12.607	FA89030820001	11,200,000	1,150,612
Environmental Services Coop Agreement II	12.607		15,100,000	1,979,912
McClellan Gateway 3 & 5 Overlay Project	12.607	SP0453-08-02	2,400,000	687,904
CATALOG TOTAL			28,709,469	3,827,897
DIRECT PROGRAMS:			28,709,469	3,827,897
TOTAL DIRECT PROGRAMS:			\$28,709,469	\$3,827,897
TOTAL U.S. DEPARTMENT OF DEFENSE			\$28,709,469	\$3,827,897
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<u>PASSED THROUGH STATE DEPARTMENT OF MENTAL HEALTH:</u>				
Federal IDEA	84.326		\$1,809,494	\$1,809,494
CATALOG TOTAL			1,809,494	1,809,494
PASSED THROUGH STATE DEPARTMENT OF MENTAL HEALTH:			1,809,494	1,809,494
TOTAL PASS THROUGH PROGRAMS:			\$1,809,494	\$1,809,494
TOTAL U.S. DEPARTMENT OF EDUCATION			\$1,809,494	\$1,809,494

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CATALOG NUMBER	GRANT NUMBER	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SVCS.</u>				
<u>DIRECT PROGRAMS:</u>				
McKinney Homeless Grant	93.224	H80CS00045	\$869,520	\$869,520
CATALOG TOTAL			869,520	869,520
ARRA - Capital Improvement Program	93.703	C81CS14040	890,219	469,839
CATALOG TOTAL			890,219	469,839
Minority AIDS Initiative Programs (MAI) for Ryan White Part A	93.914	H3MHA08440	114,073	104,973
Ryan White Part A	93.914	H89HA00048	2,567,389	2,052,610
CATALOG TOTAL			2,681,462	2,157,583
DIRECT PROGRAMS:			4,441,201	3,496,942
TOTAL DIRECT PROGRAMS:			\$4,441,201	\$3,496,942

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>PASSED THROUGH AREA 4 AGENCY ON AGING:</u>				
FY 2009 A4AA Congregate Meals - OTO	93.044	31-20-34-09	\$46,965	\$46,965
A4AA Mental Health (Loneliness)	93.044	31-10-34-10	91,346	91,346
A4AA SNS Transportation	93.044	31-12-34-10	58,728	58,728
CATALOG TOTAL			197,039	197,039
Home Delivered Meals/SNS - A4AA	93.045	31-21-34-10	1,258,639	1,258,639
Congregate Meals - A4AA	93.045	31-20-34-10	572,924	572,924
CATALOG TOTAL			1,831,563	1,831,563
Home Delivered Meals/SNS - NSIP	93.053	31-21-34-10	296,194	296,194
Congregate Meals A4AA/NSIP	93.053	31-20-34-10	144,876	144,876
CATALOG TOTAL			441,070	441,070
ARRA - Home Delivered Meals/SNS - A4AA	93.705	31-21-34-10	101,149	101,148
CATALOG TOTAL			101,149	101,148
ARRA - Congregate Meals - A4AA	93.707	31-20-34-10	250,457	205,458
CATALOG TOTAL			250,457	205,458
<u>PASSED THROUGH AREA 4 AGENCY ON AGING:</u>			2,821,278	2,776,278

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES:</u>				
County Based Medi-Cal Admin. Activities (CMAA)	93.778	08-85126	\$6,000,000	\$2,700,000
Targeted Case Management (TCM)	93.778	34-0712	2,311,154	1,383,000
CHDP EPSDT	93.778		2,338,285	1,431,310
School Based Medi-Cal Admin. Activities (SMAA)	93.778	08-85032	1,000,000	750,000
CATALOG TOTAL			11,649,439	6,264,310
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES:</u>			11,649,439	6,264,310
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF PUBLIC HEALTH:</u>				
Public Health Emergency Response (PHER) H1N1 Phase IV	93.069	EPO P4-34	\$1,270,231	\$143,146
Public Health Emergency Response (PHER) H1N1 Phase III	93.069	EPO CDC P3-34	2,183,895	1,796,497
Public Health Emergency Response CDC - H1N1 Phase I & II	93.069	EPO CDC 09-34	2,643,700	1,387,499
CATALOG TOTAL			6,097,826	3,327,142
Tuberculosis Program - Augmentation	93.116		50,125	50,125
CATALOG TOTAL			50,125	50,125
Hospital Preparedness Program (HPP) - H1N1	93.889	EPO 09 - 34	254,682	209,011
CATALOG TOTAL			254,682	209,011
HIV CARE (SAM & MAI)	93.917	07-65073	1,061,522	1,061,522
CATALOG TOTAL			1,061,522	1,061,522
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF PUBLIC HEALTH:</u>			7,464,155	4,647,800

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>PASSED THROUGH STATE DEPARTMENT OF ALCOHOL & DRUG:</u>				
Alcohol & Drug Medi-Cal	93.778	NNA 34	\$4,468,606	\$4,468,606
ARRA - Alcohol & Drug Medi-Cal	93.778	NNA 34	1,028,577	1,028,577
CATALOG TOTAL			5,497,183	5,497,183
Alcohol & Drug - Substance Abuse Prevention & Treatment	93.959	NNA 34	7,911,784	6,285,412
CATALOG TOTAL			7,911,784	6,285,412
<u>PASSED THROUGH STATE DEPARTMENT OF ALCOHOL & DRUG:</u>				
			13,408,967	11,782,595
<u>PASSED THROUGH STATE DEPARTMENT OF HEALTH SERVICES:</u>				
Tuberculosis Program	93.116		\$566,787	\$335,565
CATALOG TOTAL			566,787	335,565
Community Challenge Grant	93.235	05-45319	210,000	207,689
CATALOG TOTAL			210,000	207,689
Immunization Assistance Program (IAP)	93.268	09-11290	500,775	480,765
CATALOG TOTAL			500,775	480,765
Refugee Preventive Health	93.566	09-34-90841-00	100,000	99,999
Refugee Health Basic	93.566	09-34-90840-00	524,714	524,714
CATALOG TOTAL			624,714	624,713
ARRA - Increase Services to Health Centers	93.703	H8BCS12377	547,318	547,318
CATALOG TOTAL			547,318	547,318
ARRA - Immunization Assistance Program (IAP)	93.712	3H231P922507-07S2	130,000	130,000
CATALOG TOTAL			130,000	130,000

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Hospital Preparedness Program (HPP)	93.889	EPO HPP 09-34	881,024	780,420
CATALOG TOTAL			881,024	780,420
AIDS MG - HIV Education & Prevention	93.940	07-65073	362,660	352,894
CATALOG TOTAL			362,660	352,894
Maternal, Child & Adolescent Health (MCAH)	93.994	200934	161,059	152,162
Black Infant Health (BIH)	93.994	200934	274,689	258,954
CATALOG TOTAL			435,748	411,116
PASSED THROUGH STATE DEPARTMENT OF HEALTH SERVICES:			4,259,026	3,870,480
<u>PASSED THROUGH STATE DEPARTMENT OF MENTAL HEALTH:</u>				
Projects for Assistance in Transition from Homelessness (PATH)	93.150		\$417,671	\$417,671
CATALOG TOTAL			417,671	417,671
Substance Abuse & Mental Health Svc. Admin. (SAMHSA)	93.958		989,360	989,360
CATALOG TOTAL			989,360	989,360
PASSED THROUGH STATE DEPARTMENT OF MENTAL HEALTH:			1,407,031	1,407,031

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:</u>				
PSSF - Monthly Caseworker Visits	93.556		78,724	78,724
Promoting Safe and Stable Families (PSSF)	93.556		1,216,935	1,216,935
CATALOG TOTAL			1,295,659	1,295,659
CalWORKS - Administration	93.558		75,094,898	75,094,898
CalWORKS - CalWIN Project	93.558		1,080,181	1,080,181
CalWORKS (Assist)	93.558		90,538,124	90,538,124
Stage One Child Care	93.558		14,424,418	14,424,418
Child Welfare Services - EA TANF	93.558		12,416,111	12,416,111
CATALOG TOTAL			193,553,732	193,553,732
ARRA - Child Support Admin. - Early Intervention	93.563		341,829	341,829
Child Support Administration	93.563		17,247,461	17,247,461
ARRA - Child Support Administration	93.563		3,605,573	3,605,573
CATALOG TOTAL			21,194,863	21,194,863
Refugee Cash Asst. (RCA) & Other Refugee Prgm. (Assist)	93.566		675,135	675,135
RCA - CalWIN Project	93.566		824	824
Refugee Cash Asst. (RCA) & Other Refugee Prgm. (Admin)	93.566		83,854	83,854
CATALOG TOTAL			759,813	759,813
CSBG	93.569		225,492	225,492
CATALOG TOTAL			225,492	225,492
Child Welfare Services - Title IV-B	93.645		2,253,502	2,253,502
CATALOG TOTAL			2,253,502	2,253,502

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Family Children Care Home	93.658		310,568	310,568
Emergency Assistance Foster Care	93.658		1,740,748	1,740,748
Group Home Monthly Visits	93.658		216,654	216,654
Foster Care (AFDC) - ADMINISTRATION	93.658		1,678,798	1,678,798
ARRA - Foster Care (AFDC) - Assistance	93.658		2,310,087	2,310,087
CWSOIP/COHORT1	93.658		522,574	522,574
Family Preservation (FFP)	93.658		37,331	37,331
Foster Parent Training & Recruitment (AB 2129)	93.658		77,308	77,308
Community Care Licensing (CCL) - Foster Family Homes (FFH)	93.658		351,887	351,887
Child Welfare Services - Title IV-E	93.658		23,406,442	28,354,066
Foster Care (AFDC) - Assistance	93.658		21,875,326	21,875,326
CATALOG TOTAL			52,527,723	57,475,347
Adoption Assistance Program (AAP)	93.659		20,431,441	20,431,441
ARRA - Adoption Assistance Program (AAP)	93.659		2,532,957	2,532,957
Adoption Program Administrative	93.659		466,697	466,697
Adoption Assistance	93.659		1,727,822	1,727,822
CATALOG TOTAL			25,158,917	25,158,917
Child Welfare Services - Title XX	93.667		3,569,754	3,569,754
CATALOG TOTAL			3,569,754	3,569,754
Independent Living	93.674		800,024	800,024
CATALOG TOTAL			800,024	800,024
ARRA - Emergency Contingency Fund Subsidized Employment	93.714		2,116,492	2,116,492
ARRA - Emergency Contingency Fund Non-Recurrent Short Term	93.714		1,414,810	1,414,810
CATALOG TOTAL			3,531,302	3,531,302

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
In-Home Support Services (IHSS)	93.778		12,037,186	11,130,241
Medi-Cal Administrative	93.778		22,806,833	22,806,833
Adult Protective Services	93.778		3,192,040	3,192,040
Child Welfare Services - Title XIX	93.778		1,233,569	1,804,904
Medi-Cal Assistance-CalWIN Project	93.778		2,248,111	2,248,111
CATALOG TOTAL			41,517,739	41,182,129
PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:			346,388,520	351,000,534
TOTAL PASS THROUGH PROGRAMS:			\$387,398,416	\$381,749,028
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SVCS.			\$391,839,617	\$385,245,970
 <u>U.S. DEPARTMENT OF HUD</u>				
<u>DIRECT PROGRAMS:</u>				
Families Beyond Transition (2)	14.235	CA0136B9T030802	\$398,509	\$32,397

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Families Beyond Transition	14.235	CA0136B9T030801	398,509	366,254
NOVA House	14.235	CA0142B9T030801	102,107	64,241
LSS - Adolfo Trans Housing For Emancipated Youth	14.235	CA0130B9T030801	259,830	195,262
NOVA House (2)	14.235	CA0142B9T030802	102,107	26,623
Resource For Independent Living	14.235	CA0157B9T030801	123,496	105,336
Omega Project	14.235	CA0143B9T030801	316,033	243,439
Omega Project (2)	14.235	CA01B703006	316,033	30,229
Sacramento Children's Home Crisis Nursery (2)	14.235	CA0148B9T030802	187,714	47,855
Sacramento Children's Home Crisis Nursery	14.235	CA0148B9T030801	187,714	125,141
Friendship Housing	14.235	CA0137B9T030801	154,110	78,693
Friendship Housing (2)	14.235	CA01B703008	151,000	65,306
Friendship Housing Expansion (2)	14.235	CA0750B9T030901	314,738	47,411
Friendship Housing Expansion	14.235	CA01B603001	404,503	242,292
AIDS Housing Alliance - Avalon (2)	14.235	CA01B703002	81,746	39,758
McClellan Park (2)	14.235	CA0140B9T030801	226,000	117,454
McClellan Park	14.235	CA01B703018	226,000	101,386
LSS - Transitional Housing For Youth	14.235	CA01B703020	175,786	101,746
AIDS Housing Alliance/THP	14.235	CA0154B9T030801	89,932	89,932
Homeless Management Information System	14.235	CA01B703029	99,960	6,829
Homeless Management Information System (2)	14.235	CA0138B9T030801	99,959	71,201
LSS - Adolfo PH Emancipated Youth	14.235	CA01B703024	490,071	90,533
LSS - Adolfo PH Emancipated Youth (2)	14.235	CA0129B9T030801	497,726	392,013
LSS - Building Bridges (2)	14.235	CA0132B9T030801	362,022	270,946
LSS - Building Bridges	14.235	CA0132B9T030802	362,022	116,390
LSS - Saybrook Apartments	14.235	CA0150B9T030801	499,037	314,472
LSS - Saybrook Apartments (2)	14.235	CA0150B9T030802	499,037	152,768
LSS - Teen Trans Housing Connections	14.235	CA0135B9T030801	275,838	242,745
LSS - Teen Trans Housing Connections (2)	14.235	CA0135B9T030802	275,838	46,856
LSS - Transitional Housing For Families	14.235	CA0155B9T030801	229,107	172,416
Quinn Cottages	14.235	CA01B703017	312,138	119,870
LSS - Transitional Housing For Families (2)	14.235	CA0155B9T030802	229,107	74,719
SAEHC - Casas Serenes (2)	14.235	CA0134B8T030802	256,032	47,431
Resource For Independent Living (2)	14.235	CA0157B9T030802	123,496	18,401
Mercy Housing Center - King Project (2)	14.235	CA01B303001	152,986	85,946
Mercy Housing Center - King Project	14.235	CA01B303001	155,705	93,261

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Mather Community Campus	14.235	CA0139B9T030801	3,061,636	1,867,812
Quinn Cottages (2)	14.235	CA0147B9T030801	312,138	210,711
AIDS Housing Alliance - Avalon	14.235	CA0131B9T030801	81,746	30,921
MAAP - Casas Serenes (2)	14.235	CA0134B9T030801	256,032	160,848
SAEHC - Casas de Esperanza	14.235	CA0133B8T030802	300,548	47,963
MAAP - Casas de Esperanza (2)	14.235	CA0133B9T030801	327,869	147,716
LSS - Transitional Housing For Youth (2)	14.235	CA0156B9T030801	178,849	84,811
Mather Community Campus (2)	14.235	CA01B703003	3,061,636	393,668
CATALOG TOTAL			16,716,402	7,382,002
Shelter Plus Care	14.238	CA0153C9T030801	4,100,988	3,063,868
Shelter Plus Care (2)	14.238	CA0153C9T030802	4,169,256	984,279
Shelter Plus Care - Shasta Hotel (18 Units)	14.238	CA01C703031	115,776	63,273
Shelter Plus Care - Shasta Hotel (18 Units) (2)	14.238	CA0151C9T030801	114,696	44,267
CATALOG TOTAL			8,500,716	4,155,687
DIRECT PROGRAMS:			25,217,118	11,537,689
TOTAL DIRECT PROGRAMS:			\$25,217,118	\$11,537,689

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>PASSED THROUGH SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY:</u>				
Community Development Block Grant	14.218		\$1,251,148	\$1,557,080
CATALOG TOTAL			1,251,148	1,557,080
<u>PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:</u>				
			1,251,148	1,557,080
TOTAL PASS THROUGH PROGRAMS:			\$1,251,148	\$1,557,080
TOTAL U.S. DEPARTMENT OF HUD			\$26,468,266	\$13,094,769
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<u>DIRECT PROGRAMS:</u>				
FY 2008 Edward Byrne Justice Assistance Grant (JAG) Program	16.738	2008-DJ-BX-0219	\$155,484	\$155,484
CATALOG TOTAL			155,484	155,484
State Criminal Alien Assistance Program	16.606	2009-AP-BX-0053	1,637,116	1,637,116
CATALOG TOTAL			1,637,116	1,637,116
DNA Cold Case Apprehension & Prosecution (DCCAP)	16.710	2008-DN-BX-K147	392,160	221,652
Internet Crimes Against Children (1)	16.710	2007-MC-CX-K002	1,094,321	293,578
COPS Technology 2008 Program	16.710	2008CKWX0473	327,355	303,496

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
COPS Technology 2004 Program	16.710	2004CKWX0333	296,843	277,630
COPS Technology 2009 Program	16.710	2009CKWX0306	150,000	70,540
CATALOG TOTAL			2,260,679	1,166,896
Forensic Casework DNA Backlog Reduction Program - FY 2009	16.741	2009-DN-BX-K065	533,345	16,278
Forensic Casework DNA Backlog Reduction Program - FY 2007	16.741	2007-DN-BX-K155	503,135	113,030
Forensic Casework DNA Backlog Reduction Program - FY 2008	16.741	2008-DN-BX-K031	513,600	223,226
CATALOG TOTAL			1,550,080	352,534
ARRA - Internet Crimes Against Children	16.800	2009-SN-B9-K001	702,838	329,586
CATALOG TOTAL			702,838	329,586
ARRA - Gang Suppression Unit Project	16.804	2009-SB-B9-0746	1,936,990	866,166
CATALOG TOTAL			1,936,990	866,166
DIRECT PROGRAMS:			8,243,187	4,507,782
TOTAL DIRECT PROGRAMS:			\$8,243,187	\$4,507,782

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>PASSED THROUGH CALIFORNIA DEPART. OF CORRECTIONS & REHAB.:</u>				
FY 2009-10 Juvenile Accountability Block Grant (JABG)	16.523	CSA 173-09	\$133,979	\$133,979
CATALOG TOTAL			133,979	133,979
Enhanced Disp. Minority Contact Tech. Asst. Prj. II (DMC TAP II)	16.540	CSA 361-09	125,000	3,776
CATALOG TOTAL			125,000	3,776
<u>PASSED THROUGH CALIFORNIA DEPART. OF CORRECTIONS & REHAB.:</u>			258,979	137,755
<u>PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY</u>				
Victim Witness Assistance Program	16.575	VW09280340	\$374,272	\$374,272
Victim/Witness Special Emphasis	16.575	SE09190340	110,000	110,000
Elder Abuse Advocacy & Outreach Program	16.575	EA09120340	65,851	63,597
CATALOG TOTAL			550,123	547,869
Violence Against Women	16.588	VV09120340	200,000	147,266
CATALOG TOTAL			200,000	147,266
Project Safe Neighborhood FY 2007	16.609	US07020340	301,499	86,103
Project Safe Neighborhoods	16.609	US09 01 0340	\$145,000	\$104,375
CATALOG TOTAL			446,499	190,478
Paul Coverdell Forensic Science Improvement Program - FY 2008	16.742	CQ08060340	104,036	62,151
CATALOG TOTAL			104,036	62,151
Region Four Gang Information Network	16.580	RA07010340	\$200,000	\$117,931
CATALOG TOTAL			200,000	117,931

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
ARRA - 2009 Probation Specialized Units	16.588	PR09010340	259,075	167,345
CATALOG TOTAL			259,075	167,345
Residential Substance Abuse Treatment (RSAT) Program	16.593	RT07040340	208,828	18,339
Residential Substance Abuse Treatment (RSAT) Program (2)	16.593	RT09010340	200,000	142,466
CATALOG TOTAL			408,828	160,805
Anti-Drug and Child Abuse Enforcement Team	16.738	DC09220340	989,908	963,430
CATALOG TOTAL			989,908	963,430
ARRA - Victim Witness Recover Act/VOCA	16.801	VS09010340	\$36,318	\$35,031
CATALOG TOTAL			36,318	35,031
ARRA - Collaborative Court Deferred Program (CCDP_	16.803	Z0009010340	1,535,965	451,412
CATALOG TOTAL			1,535,965	451,412
ARRA - Regional Anti-Gang Intelligence LED	16.804	ZG09010340	\$300,000	\$48,335
ARRA - Anti-Drug and Child Abuse Enforcement Team	16.804	ZA09010340	470,238	13,163
CATALOG TOTAL			770,238	61,498
PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY:			5,500,990	2,905,216
TOTAL PASS THROUGH PROGRAMS:			\$5,759,969	\$3,042,971
TOTAL U.S. DEPARTMENT OF JUSTICE			\$14,003,156	\$7,550,753

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL FEDERAL GRANTOR PROGRAM TITLE	CATALOG NUMBER	GRANT NUMBER	AWARD AMOUNT	EXPENDITURES
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<u>DIRECT PROGRAMS:</u>				
Airport Improvement Program 0084-04	20.106	3-06-0084-04	\$300,000	\$83,265
Airport Improvement Program 0205-09	20.106	3-06-0205-09	627,463	84,593
Airport Improvement Program 0204-42	20.106	3-06-0204-42	565,000	12,576
Airport Improvement Program 0204-44	20.106	3-06-0204-44	8,971,604	6,000,000
Airport Improvement Program 0205-10	20.106	3-06-0205-10	300,000	166,863
	CATALOG TOTAL		10,764,067	6,347,297
DIRECT PROGRAMS:			10,764,067	6,347,297
TOTAL DIRECT PROGRAMS:			\$10,764,067	\$6,347,297
<u>PASSED THROUGH STATE DEPARTMENT OF TRAFFIC SAFETY:</u>				
DUI Prosecution & Community Awareness	20.600	AL1039	\$1,312,724	\$384,324
Recidivist DUI Arrest Program	20.600	AL0909	500,000	229,341
	CATALOG TOTAL		1,812,724	613,665
PASSED THROUGH STATE DEPARTMENT OF TRAFFIC SAFETY:			1,812,724	613,665
<u>PASSED THROUGH STATE DEPARTMENT OF TRANSPORTATION:</u>				
Transportation Equity Act for the 21st Century (TEA-21)	20.205	03-928515	\$1,506,625	\$220,954
Safe, Accountable, Flexible, Efficient Transportation Equity	20.205	03-5924	8,175,807	8,175,807
ARRA - Safe, Accountable, Flexible, Efficient Transportation	20.205		5,150,336	5,150,336
ARRA - Safe, Accountable, Flexible, Efficient Transportation	20.205	03-5924	1,722,684	1,722,684
Safe, Accountable, Flexible, Efficient Transportation Equity	20.205	03-5924	358,913	358,913
	CATALOG TOTAL		16,914,365	15,628,694
PASSED THROUGH STATE DEPARTMENT OF TRANSPORTATION:			16,914,365	15,628,694
TOTAL PASS THROUGH PROGRAMS:			\$18,727,089	\$16,242,359
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$29,491,156	\$22,589,656

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<u>PASSED THROUGH STATE WATER RESOURCES:</u>				
Local Oversight Program	66.806	09-019-250	\$820,838	\$763,127
CATALOG TOTAL			820,838	763,127
<u>PASSED THROUGH STATE WATER RESOURCES:</u>				
TOTAL PASS THROUGH PROGRAMS:			820,838	763,127
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			\$820,838	\$763,127
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<u>DIRECT PROGRAMS:</u>				
National Explosives Detection Canine Team Program	97.072	HSTS0208HCAN455	\$451,000	\$300,500
CATALOG TOTAL			451,000	300,500
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR348	1,609,103	348,271
CATALOG TOTAL			1,609,103	348,271
ARRA - Airport Checked Baggage Inspection System - Terminal B	97.117	HSTS0409HREC148	11,340,000	553,572
CATALOG TOTAL			11,340,000	553,572
DIRECT PROGRAMS:			13,400,103	1,202,343
TOTAL DIRECT PROGRAMS:			\$13,400,103	\$1,202,343

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY:</u>				
FY 2007 State Homeland Security Grant Program (SHSGP)	97.067	2007-0008	\$1,610,604	\$596,731
FY 2008 Regional Terrorism Threat Assessment Center (RTTAC)	97.067	2008-0006	1,000,000	404,008
FY 2009 Metropolitan Medical Response System (MMRS)	97.067	2009-0019	321,221	85,907
FY 2008 State Homeland Security Grant Program (SHSGP)	97.067	2008-0006	3,040,965	2,205,415
FY 2007 Urban Areas Security Initiative (UASI)	97.067		700,000	65,705
FY 2007 Regional Terrorism Threat Assessment Center (RTTAC)	97.067	2007-0008	1,000,000	317,036
FY 2007 Metropolitan Medical Response System (MMRS)	97.067	2007-0008	258,145	121,829
FY 2007 Law Enforcement Terrorism Prevention Program (LETP)	97.067	2007-0008	300,000	198,340
FY 2009 State Homeland Security Grant Program (SHSGP)	97.067	2009-0019	2,911,057	26,558
FY 2008 Metropolitan Medical Response System (MMRS)	97.067	2008-0006	321,221	296,221
CATALOG TOTAL			11,463,213	4,317,750
FY 2006 Competitive Training Grant Program	97.068	2006-GT-T6-K006	3,291,338	537,034
CATALOG TOTAL			3,291,338	537,034
FY 2008 Buffer Zone Protection Program (BZPP)	97.078	2008-BZ-T8-0008	193,030	66,425
CATALOG TOTAL			193,030	66,425
PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY:			14,947,581	4,921,209
TOTAL PASS THROUGH PROGRAMS:			\$14,947,581	\$4,921,209
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$28,384,684	\$6,123,552

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF BUSINESS & COMMERCE</u>				
<u>DIRECT PROGRAMS:</u>				
McClellan EDA Grant Project 2 - South McClellan District Street	11.300	07-01-05640	\$4,046,270	\$727,316
	CATALOG TOTAL		4,046,270	727,316
DIRECT PROGRAMS:			4,046,270	727,316
TOTAL DIRECT PROGRAMS:			\$4,046,270	\$727,316
TOTAL U.S. DEPARTMENT OF BUSINESS & COMMERCE			\$4,046,270	\$727,316
<u>U.S. DEPARTMENT OF ENERGY</u>				
<u>DIRECT PROGRAMS:</u>				
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000900	\$5,364,600	\$1,254,932
	CATALOG TOTAL		5,364,600	1,254,932
DIRECT PROGRAMS:			5,364,600	1,254,932
TOTAL DIRECT PROGRAMS:			\$5,364,600	\$1,254,932
TOTAL U.S. DEPARTMENT OF ENERGY			\$5,364,600	\$1,254,932

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SACRAMENTO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</u>				
<u>DIRECT PROGRAMS:</u>				
Central Valley CA High Intensity Drug Trafficking Area II	16.I7PCV502Z	I7PCV502Z	\$2,000,000	\$969,415
Central Valley CA High Intensity Drug Trafficking Area III	16.I8PCVP502Z	I8PCVP502Z	2,856,392	689,682
Central Valley CA High Intensity Drug Trafficking Area I	16.G10CV0002A	G10CV0002A	2,723,536	47,878
	CATALOG TOTAL		7,579,928	1,706,975
DIRECT PROGRAMS:			7,579,928	1,706,975
TOTAL DIRECT PROGRAMS:			\$7,579,928	\$1,706,975
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY			\$7,579,928	\$1,706,975
TOTAL DIRECT PROGRAMS			\$108,985,646	\$35,226,936
TOTAL PASS THROUGH PROGRAMS			\$453,407,005	\$432,777,738
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$468,004,674

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – GENERAL

The accompanying schedule of expenditures of federal awards (SEFA) for the fiscal year ended June 30, 2010, presents the activity of all federal financial assistance programs of the County of Sacramento, California (the County). The County reporting entity is defined in Note 1 to the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting for most grants accounted for in the governmental fund types, and the accrual basis of accounting for most grants accounted for in the proprietary fund types, as described in Note 1 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.

NOTE 3 – 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.

NOTE 4 – MEDI-CAL

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program expenditures are excluded from the schedule of expenditures of federal awards. These expenditures represent fees for services; therefore, neither is considered a federal award program of the County for purposes of the schedule of expenditures of federal awards or in determining major programs. The County assists the State of California (the State) in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities.

Medi-Cal administrative expenditures are included in the schedule of expenditures of federal awards as they do not represent fees for services.

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 – AMOUNT PROVIDED TO SUBRECIPIENTS

Federal assistance provided to subrecipients is treated as an expenditure when it is paid to the subrecipient and is summarized as follows:

<u>Program Name</u>	<u>CFDA #</u>	<u>Project Name</u>	<u>Amount</u>
County Community Development Block Grants/Entitlement Grants	14.218	Community Development Block Grant	\$ 1,041,812
Supportive Housing Program	14.235	AIDS Housing Alliance - Avalon	28,975
	14.235	AIDS Housing Alliance - Avalon (2)	39,758
	14.235	AIDS Housing Alliance/THP	87,791
	14.235	Families Beyond Transition	357,372
	14.235	Families Beyond Transition (2)	32,118
	14.235	Friendship Housing	75,887
	14.235	Friendship Housing (2)	65,306
	14.235	Friendship Housing Expansion	233,801
	14.235	Friendship Housing Expansion (2)	46,839
	14.235	LSS- Adolfo PH Emancipated Youth	89,907
	14.235	LSS- Adolfo PH Emancipated Youth (2)	392,013
	14.235	LSS-Teen Trans Housing Connections	242,745
	14.235	LSS-Teen Trans Housing Connections (2)	46,856
	14.235	LSS-Teen Trans Housing For Families	172,416
	14.235	LSS-Teen Trans Housing For Families (2)	74,719
	14.235	LSS-Trans Housing for Youth	101,746
	14.235	LSS-Trans Housing for Youth (2)	84,811
	14.235	LSS Adolfo Trans Housing for Emancipated Youth	187,536
	14.235	LSS Building Bridges	113,271
	14.235	LSS Building Bridges (2)	264,294
	14.235	LSS Saybrook Apartments	314,472
	14.235	LSS Saybrook Apartments (2)	152,768

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 – AMOUNT PROVIDED TO SUBRECIPIENTS (Continued)

<u>Program Name</u>	<u>CFDA #</u>	<u>Project Name</u>	<u>Amount</u>
Supportive Housing Program, (Continued)	14.235	MAAP - Casas de Esperanza (2)	\$ 145,477
	14.235	MAAP - Casas Serenes (2)	158,686
	14.235	Mather Community Campus	1,867,812
	14.235	Mather Community Campus (2)	393,668
	14.235	McClellan Park	101,386
	14.235	McClellan Park (2)	114,223
	14.235	Mercy Housing Center - King Project	91,684
	14.235	Mercy Housing Center - King Project (2)	83,852
	14.235	NOVA House	64,241
	14.235	NOVA House (2)	24,192
	14.235	Omega Project	239,045
	14.235	Omega Project (2)	29,054
	14.235	Quinn Cottages	116,639
	14.235	Quinn Cottages (2)	205,569
	14.235	Resource For Independent Living	103,327
	14.235	Resource For Independent Living (2)	17,421
	14.235	Sacramento Children's Home Crisis Nursery	123,610
	14.235	Sacramento Children's Home Crisis Nursery (2)	45,764
	14.235	SAEHC - Casas de Esperanza	47,172
	14.235	SAEHC - Casas Serenes (2)	46,321
Shelter Plus Care	14.238	Shelter Plus Care - Shasta Hotel (18 Units)	61,687
	14.238	Shelter Plus Care - Shasta Hotel (18 Units) (2)	42,562
Central Valley CA High Intensity Drug Trafficking Area	16.G10CV0002A	Central Valley CA High Intensity Drug Trafficking Area I	47,878
	16.17PCV502Z	Central Valley CA High Intensity Drug Trafficking Area II	969,415
	16.18PCVP502Z	Central Valley CA High Intensity Drug Trafficking Area III	689,682
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Anti-Drug and Child Abuse Enforcement Team	963,430

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 – AMOUNT PROVIDED TO SUBRECIPIENTS (Continued)

<u>Program Name</u>	<u>CFDA #</u>	<u>Project Name</u>	<u>Amount</u>
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	ARRA - Collaborative Court Deferred Program (CCDP)	\$ 174,465
State and Community Highway Safety	20.600	DUI Prosecution & Community Awareness	93,740
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Federal IDEA	1,809,494
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	A4AA Mental Health (Loneliness)	48,903
Public Health Emergency Preparedness	93.069	Public Health Emergency Response (PHER) H1N1 Phase III	430,085
	93.069	Public Health Emergency Response (PHER) H1N1 Phase IV	65,073
	93.069	Public Health Emergency Response (PHER) H1N1 Phase I & II	61,655
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Projects for Assistance in Transition for Homelessness (PATH)	417,671
Abstinence Education Program	93.235	Community Challenge Grant	2,700
Immunization Grants	93.268	Immunization Assistance Program (IAP)	24,346
Promoting Safe and Stable Families	93.556	Promoting Safe and Stable Families (PSSF)	1,028,256
Temporary Assistance for Need Families	93.558	Child Welfare Services - EA TANF	1,020
Foster Care Title IV E	93.658	Child Welfare Services - Title IV E	132,459
	93.658	CWSOIP/COHORT1	45,309
	93.658	Foster Parent Training & Recruitment (AB 2129)	5,826

**COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 5 – AMOUNT PROVIDED TO SUBRECIPIENTS (Continued)

<u>Program Name</u>	<u>CFDA #</u>	<u>Project Name</u>	<u>Amount</u>
Adoption Assistance	93.659	Adoption Assistance	\$ 1,445
Chafee Foster Care Independence Program	93.674	Independent Living	273,492
Medicaid Cluster	93.778	Alcohol & Drug Medi-Cal	4,046,320
	93.778	ARRA - Alcohol & Drug Medi-Cal	931,376
	93.778	Child Welfare Services - Title XIX	215,014
	93.778	County Based Medi-Cal Admin. Activities (CMAA)	2,532,000
	93.778	School Based Medi-Cal Admin. Activities (SMAA)	705,000
National Bioterrorism Hospital Preparedness Program	93.889	Hospital Preparedness Program (HPP)	394,146
	93.889	Hospital Preparedness Program (HPP) - H1N1	175,384
HIV Emergency Relief Project Grants	93.914	Minority AIDS Initiative Programs for Ryan White Part A	89,539
	93.914	Ryan White Part A	1,737,951
HIV Care Formula Grants	93.917	HIV CARE (SAM & MAI)	955,371
HIV Prevention Activities - Health Department Based	93.940	AIDS MG - HIV Education & Prevention	124,216
Block Grants for Community Mental Health Services	93.958	Substance Abuse & Mental Health Services Administration (SAMHSA)	989,360
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Alcohol and Drug - Substance Abuse Prevention & Treatment	3,382,695
		Total Provided to Subrecipients	<u><u>\$ 31,935,321</u></u>

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6 – PROGRAM/CLUSTER TOTALS

The schedule of expenditures of federal awards does not summarize programs that cross agency funding. Also, the schedule does not summarize clusters. The following summarizes those programs that cross agency funding and clusters:

	CFDA#	Pass Through Agency	Amount
SNAP Cluster			
Supplemental Nutrition Assistance Program (ARRA)	10.561	State Department of Social Services	\$ 543,579
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	State Department of Social Services	17,375,120
		Cluster Total	<u>\$ 17,918,699</u>
Program Public Works and Economic Development Cluster			
Investments for Public Works and Economic Development Facilities	11.300	N/A (direct program)	\$ 727,316
		Cluster Total	<u>\$ 727,316</u>
CDBG – Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	State Department of Social Services	\$ 1,557,080
		Cluster Total	<u>\$ 1,557,080</u>
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	State Department of Transportation	<u>\$ 15,628,694</u>
		Cluster Total	<u>\$ 15,628,694</u>
Highway Safety Cluster			
State and Community Highway Safety	20.600	State Department of Traffic Safety	<u>\$ 613,665</u>
		Cluster Total	<u>\$ 613,665</u>

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 - PROGRAM/CLUSTER TOTALS, (Continued)

	CFDA#	Pass Through Agency	Amount
Aging Cluster			
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	Area 4 Agency on Aging	\$ 197,039
Special Programs for the Aging—Title III, Part C— Nutrition Services	93.045	Area 4 Agency on Aging	1,831,563
Program Nutrition Services Incentive Program	93.053	Area 4 Agency on Aging	441,070
ARRA – Aging Home-Delivered Nutrition Services for States	93.705	State Department of Social Services	101,148
ARRA – Aging Congregate Nutrition Services For States	93.707	State Department of Social Services	205,458
		Cluster Total	<u>\$ 2,776,278</u>
Immunization Cluster			
IAP	93.268	State Department of Health Services	\$ 480,765
ARRA – Immunization	93.712	State Department of Health Services	<u>130,000</u>
		Cluster Total	<u>\$ 610,765</u>
TANF Cluster			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	State Department of Social Services	\$ 193,553,732
ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714	State Department of Social Services	3,531,302
		Cluster Total	<u>\$ 197,085,034</u>

**COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 7 - PROGRAM/CLUSTER TOTALS, (Continued)

	CFDA#	Pass Through Agency	Amount
Medicaid Cluster			
Medical Assistance Program (Medicaid)	93.778	State Department of Social Services	\$ 41,182,129
		State Department of Alcohol & Drug	5,497,183
		State Department of Health Services	<u>6,264,310</u>
		Cluster Total	<u>\$ 52,943,622</u>
Foster Grandparent/Senior Companion Cluster			
Foster Grandparent Program	94.011	N/A (direct program)	\$ 395,211
Senior Companion Program	94.016	N/A (direct program)	<u>113,165</u>
		Cluster Total	<u>\$ 508,376</u>
Homeland Security Cluster			
Homeland Security Grant Program	97.067	California Emergency Management Agency	\$ 4,317,750
		Cluster Total	<u>\$ 4,317,750</u>

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiencies identified?	Yes

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

Unqualified for all major programs except for Adoption Assistance, Block Grants for Prevention and Treatment of Substance Abuse, Foster Care, and Supportive Housing Program and Medicaid Cluster, which were qualified

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

CFDA Number(s)	Name of Federal Program or Cluster
10.561	SNAP Cluster (includes ARRA)
12.607	Community Economic Adjustment Assistance
93.703	Capital Improvement Program (includes ARRA)
93.778	Medicaid Cluster (includes ARRA)
93.069	Public Health Emergency Response CDC - H1N1
93.959	Substance Abuse and Prevention Treatment
93.558/93.714	Temporary Assistance for Needy Families Cluster (includes ARRA)
93.658	Foster Care (includes ARRA)
93.659	Adoption Assistance (includes ARRA)
93.667	Social Services Block Grant
14.235	Supportive Housing Program
14.238	Shelter Plus Care
20.106	Airport Improvement Program
20.205	Highway, Planning, and Construction Cluster (includes ARRA)
97.067	Homeland Security Cluster
81.128	Energy Efficiency Community Block Grant (includes ARRA)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	No

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

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 2010-01

LONG TERM FINANCIAL PLAN

Criteria:

County management has 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.

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.

Condition:

During our audit it was noted that the County had experienced deficit spending in the General Fund. The General Fund balance had decreased by \$11.7 million over the year ended June 30, 2010 resulting in an ending unreserved fund balance of negative \$53.2 million. 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.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Context:

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

Effect:

There may be significant financial consequences with continued deficit spending.

Cause:

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

Recommendation:

This is a repeat condition from Fiscal Year 2009.

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 stability. The County should focus on factors that mitigate the General Fund's deficits. The factors should relate to the County's alternate means for maintaining adequate cash flows. We also recommend that the County review the adequacy of unreserved fund balance.

View of responsible official and planned corrective action:

Local economic conditions have forced the County to use one-time funding sources to balance prior and current year general fund budgets. A significant source of this one-time funding was inter-fund transfers that allowed for expenditures but did not provide revenue, thus resulting in a negative unreserved fund balance.

The County has partially addressed this issue by making reductions totaling \$222 million and 2,413.2 full time equivalent positions over the past three fiscal years. Additionally, the Board has adopted a Reserve and Reinvestment Policy that places a high priority on replacing undesignated reserves in an orderly and consistent manner as revenue expands beyond the current level. The stated goal of the policy is to establish undesignated reserves at 10% of discretionary revenues. Implementation of this policy over the coming fiscal years, along with the repayment of interfund transfers, will positively affect the County's fund balance.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

The Fiscal Year 2011-12 budget is currently being developed with no one-time funding sources. The funding deficit is expected to be approximately \$65 million. This deficit is due to loss of one-time funding sources from Fiscal Year 2010-11, salary and labor increases included in certain labor contracts, projected retirement and health insurance increases, and inter-fund transfer reimbursements. The departments have been directed to reduce costs to match projected revenues. Those reductions will primarily be made through position elimination.

The County has projected revenues and expenditures through Fiscal Year 2013-14. Budget shortfalls are projected to be \$26 million in Fiscal Year 2012-13 and \$31 million in Fiscal Year 2013-14. Projections beyond that point have not been developed due to the volatility of the current economic environment. Budgets for those fiscal years will be reduced to match revenues.

Contact: Tom Burkart (916) 874-2453

FINDING 2010-02

CUTOFF

Criteria:

The County should maintain procedures to ensure that year end closing procedures address all accounts. In accordance with the County's year-end closing procedures, departments are instructed that it is their responsibility to process their fiscal year end receipts for valued purchase orders (only one account assignment) into the accounting system by June 30, thus creating expenditures and accrual postings. For non-valued purchase orders (multiple account assignments) the departments are given specific date prior to June 30 (generally in the middle of June) to have their invoice to the Department of Finance in order for the expenditure and accrual postings to be made by June 30. Annually, the Department of Finance conducts a meeting to cover these "process level" procedures. We also noted the County's internal audit division reviewed all subsequent disbursements greater than \$500,000 to detect unrecorded liabilities at June 30. While the County made significant improvements with its year end cut-off procedures, the County's internal audit division identified approximately \$16M in unrecorded liabilities. Further, our testwork resulted in two audit adjustments of approximately \$4.3 million.

Condition Found:

During our testing of unrecorded liabilities, we noted that departments were not following the year-end closing instructions circulated by the Department of Finance.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

During our receivables testing, we noted that there were receivables recorded in the County's Accounting System, COMPASS, related to realignment revenues that had been proposed to be written off during the prior year audit. It was noted that these balances had been correctly accounted for in the County's CAFR in 2009, however, not adjusted in COMPASS. In addition to the proposed audit adjustments from the prior year, our testwork resulted in one accounts receivable adjustment of approximately \$7.7 million.

Context:

The above condition was identified during our audit procedures over the County's year end account balances and cut-off procedures.

Effect:

Adjustments were proposed and posted to the County's general fund for the year ended June 30.

Cause:

The County did not consistently apply its year-end closing procedures for cut-off. Further, the County did not appropriately record the prior year audit adjustments related to receivable in its accounting system. As a result, fund balance reported in the general fund in the County's financial statements does not agree to the general fund balance per the County's accounting system, COMPASS.

Recommendation:

Although it is noted that formal written communication and training is performed on an annual basis by the Department of Finance's office to properly provide year-end closing procedures to County departments, we recommend that the DOF implement additional procedures to ensure that material transactions are accrued in the proper period. These procedures should include the following:

- The DOF's office should continue to utilize internal auditor to perform testing procedures subsequent to the accounting year-end date to validate County departments' year-end estimates.
- Based on the outcome of these results, document and record necessary adjustments to the financial statements.
- Provide a formal written report to management of each department with adjustments in order to enhance the County's year-end monitoring and communication process.
- The County should implement policies and procedures to ensure that fund balance per the accounting system agrees to the audited financial statements.

By implementing additional procedures, material transactions requiring accrual may be identified and corrected in a timely manner in order to facilitate the audit process and issuance of the County's CAFR.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

View of responsible official and planned corrective action:

Department of Finance Auditor-Controller Division (A/C) staff and the County Executive's staff developed additional procedures for accruals. For the fiscal year ended June 30, 2011, departments will be required to submit a schedule of revenue and expenditure accruals that have been made along with appropriate supporting documentation. The schedules and documentation will be submitted to the A/C and County Executive's staff for review and approval at meetings that will be held with departments in June. In addition, A/C and County Executive staff will monitor the accounting system to ensure that no additional accruals have been recorded that has not been approved. These additional procedures will also be communicated to departments in the year-end letter and related meetings.

Contact: Ben Lamera (916) 874-7450

FINDING 2010-03

SUPERVISORY APPROVAL OF EMPLOYEE LABOR HOURS

Criteria:

Employee hours processed through the Airport System's web based payroll system should be approved by an employee's supervisor. As part of the workflow the supervisor must access the web based payroll system and certify the employees' payroll time for the pay period. The supervisor's online certification is the main approval over the payroll time entered. When the supervisor is not available to certify the time entered in the web based system, the Payroll staff sends an e-mail to the supervisor requesting approval. The Airport System should maintain support evidencing the supervisor's certification of payroll time entered.

Condition:

The Airport implemented a process to maintain supervisor approval of payroll time entered. However, due to turnover of staff the implemented procedures were not followed, which resulted in a lack of support evidencing the supervisor's review of payroll time entered.

Context:

The condition noted above was identified during our testing over the approval of payroll time processed through the Airport's web based payroll system. It was also noted that the majority of the Airport System's employees reported their time through the web based payroll system for the fiscal year 2009-10.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Cause:

Turnover of staff in the Department of Personnel Services due to County budget reductions caused the payroll procedures to not be properly followed, which resulted in a lack of support evidencing the supervisor's review of payroll time entered.

Effect:

The Airport System was not able to provide evidence of supervisor certification of employee's payroll time processed through the web based payroll system. As a result, the control environment is weakened.

Recommendation:

We recommend that the Airport System and the County Department of Personnel Services formalize policies and procedures to ensure that implemented policies and procedures are adhered to.

View of responsible officials and corrective action plan:

The Airport System agrees with the finding that evidence of supervisor certifications of the payroll could not be provided due to a lapse in certain payroll procedures resulting from staff turnover in the County Department of Personnel Services. The Airport System and the County Department of Personnel Services will formalize policies and procedures to ensure that implemented policies and procedures are adhered to in the future.

Contact: Camelia Radulescu (916) 874-0779

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

FINDING 2010-04

TRUST FUND RECONCILIATION

Criteria:

All trust funds should be reconciled on an annual basis to ensure proper reporting in the annual financial statements.

Condition Found:

On an annual basis, the County consolidates certain trust funds into the General Fund. The funds subject to reconciliation were determined in FY 2002 as a result of the County's implementation of GASB 34. Since FY 2002, the County has added new trust funds. These new trust funds have not been evaluated to determine if they should be reported as part of the General Fund or as Special Revenue Funds. The annual consolidation of trust funds results in several adjustment to the Comprehensive Annual Financial Report, including a debit to Cash and a credit to Deferred Revenue in the General Fund. In accordance with GASB 33, revenue is recognized in governmental funds when the revenues are both measurable and available. As such, as part of the trust fund consolidation, the County should instead debit Cash and credit Revenue. A corresponding fund balance reserve should be established to reflect any external restrictions on the "trust fund" revenues.

Context:

The above was identified during our audit procedures over the trust fund reconciliation.

Effect:

Trust funds were not properly reconciled.

Cause:

The County did not reconcile all of its trust funds.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Recommendation:

We recommend that the County implement formal procedures to identify the business nature of each trust fund, to determine if these funds required consolidation into the General Fund or Special Revenue Funds. We also recommend that the County properly record the activity for each trust fund in the operation statement.

View of responsible official and planned corrective action:

Department of Finance, Auditor-Controller division staff is in the process of reviewing all of the trust funds for the fiscal year end June 30, 2011 reporting. An analysis of each trust fund is being conducted and departments are being contacted to determine the nature of each of the trust funds and where the fund should be consolidated based on the nature and purpose. Activity of the each trust fund will be recorded in the appropriate operation statement.

Contact: Ben Lamera (916) 874-7450

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

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 2010-05

Program: Supplemental Nutrition Assistance Program (SNAP) Cluster (ARRA)

CFDA No.: 10.561

Federal Agency: U.S. Department of Agriculture

Passed-through: California Department of Health Services

Award Year: Fiscal year 2009-2010

Compliance Requirement: Special Tests and Provision – ADP System for SNAP

Criteria:

The *June 2010 Office of Management and Budget (OMB) OMB Circular A-133 Compliance Supplement* 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.

Condition Found:

Significant Deficiency, Instance 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, SAWS 2 and SAWS 2A be obtained to determine eligibility. During the annual recertification period, the client must submit to the County's Department of Human Assistance (DHA) a DFA 285-A1 form. The DFA 285-A1 form, if completed, is then processed for input into the CalWIN welfare database system. The recipient is also required to submit quarterly status reports (QR7).

Of the 60 cases selected for testing, we noted the following:

- 5 cases where the recertification forms were not present in the file
- 2 cases where the income reported in IEVS applicant report was not properly reflected in the initial benefit calculation

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Questioned Costs:

None

Context:

Through client inquiry and testwork of specific requirements related to special test and provisions, it was noted that the SNAP program's eligibility files were not properly maintained in accordance with OMB A-133 compliance requirements during fiscal year 2009-2010.

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, or increased error rates for the County.

Cause:

The condition is primarily caused by the County not having policies and procedures in place to ensure the eligibility case files contain documentation to support eligibility.

Recommendation:

We recommend that the County strengthen 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.

View of responsible officials and planned corrective actions:

Currently, we are in the process of revising our instructions to staff regarding the use of Applicant IVES at the time of application. We have also issued reminders to staff regarding the forms needed at both application and recertification.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

In August, our department instituted Program Performance Measures. Supervisors are required to review a random selection of cases every month on topics identified through our Quality Assurance and Quality Control processes. The review is targeted toward finding and correcting deficiencies in our eligibility process. If an error in either case work or process is found the supervisor cites the case and makes a referral to an eligibility worker for correction.

We have recently hired a CalFresh Performance Supervisor. The duties of the CalFresh Performance Supervisor include but not limited to; monitor department-wide compliance with Program Performance Measures and complete third-party case re-reviews in the Rushmore system.

With these changes, we expect the timeliness and accuracy of our case work to improve.

Contact: Vicki O'Brien (916) 875-3745

Finding 2010-06

Program: Block Grant for Prevention and Treatment of Substance Abuse

CFDA No. 93.959

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Alcohol and Drug Program

Award No:

Award Year: Fiscal Year 2009-10

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be 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.
- *During-the-Award Monitoring* - Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

- *Subrecipient Audits* - (1) Ensuring that subrecipients expending \$500,000 for fiscal years ending or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - As a result of our audit during FY 2009-2010, we noted the following based on our testing performed over subrecipient monitoring:

- For 4 of the 8 subrecipient files tested, the review of the single audit report was not performed timely
- For 6 of the 8 subrecipient files tested, the CFDA title and number, award name, and name of the Federal Awarding Agency was not identified to the subrecipient.

Questioned Costs:

None

Context:

Through test work of specific requirements related to subrecipient monitoring, it was noted that the SAPT program's subrecipients were not monitored in accordance with OMB A-133 compliance requirements during fiscal year 2009-10. Further, the required language identifying to the subrecipients that the funds were Federal was not properly documented.

Effect:

The subrecipient agreements do not specifically identify all of the required elements as required by OMB Circular A-133. The subrecipient agreements must 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 subrecipients to have a Single Audit performed. Further, without conducting timely reviews of the subrecipients' single audit report, the risks of noncompliance with the program exist.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Cause:

The County was unable to ensure compliance with Federal requirements over subrecipient monitoring due to delays in the performance and completion of required monitoring reports.

Recommendation:

We noted this is a repeat condition from the fiscal year 2009 Single Audit.

We recommend that the County implement stronger internal controls, to ensure subrecipients are monitored on a timely basis and all reports and checklists are completed and properly approved and reviewed. Further, we recommend that the County enhance its policies and procedures to ensure the information required by OMB Circular A-133 are included in the subrecipient agreements.

View of responsible officials and planned corrective action:

During fiscal year 2010-2011, the department has developed and implemented an improved procedure to comply with subrecipient audit reporting requirements. This procedure is used as a tool to monitor the due date, receipt and delinquent audited financial statements.

In addition, the department will continue to make an effort to timely review all subrecipient audit reports.

The Department is working on improved processes to ensure compliance with OMB Circular A-133 regarding CFDA numbers and the related required Federal award information. It is expected that the improvements will be implemented in the FY 2011/12 contracts.

Contact: Pam Mercado (916) 875-1410, Cindy Sawhill (916) 875-1984

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Finding 2010-07

Program: Block Grant for Prevention and Treatment of Substance Abuse

CFDA No. 93.959

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Alcohol and Drug Program

Award No: 07-NNA34

Award Year: Fiscal Year 2009-10

Compliance Requirement: Procurement, Suspension, & Debarment

Criteria:

Per 45 CFR section 92.36, "Grantees and subgrantees will maintain records sufficient to detail the significant history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price." Additionally, "all procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of section 92.36".

Condition Found:

Material Weakness – Material Instance of Non-Compliance – During our testing of procurement over federal compliance for fiscal year 2009-10, we noted that the procurement files did not contain information regarding the competition and vendor selection process, nor did they contain records sufficient to detail the significant history of procurement.

Questioned Costs:

None

Context:

Through testwork of bid files related to procurement of contracts for subrecipients receiving grant funds, it was noted that the contracts procured for fiscal year 2009-10 did not go through the competitive bidding process. In addition, it was noted that there were no formal policies or procedures over the competitive bidding process.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Effect:

The County appears be out of compliance with federal and state program procurement requirements.

Cause:

The County was unable to ensure compliance with procurement, suspension, and debarment requirements as it appears that staff did not have knowledge of federal procurement requirements and guidelines.

Recommendation:

We noted that this is a repeat condition from the fiscal year 2009 Single Audit.

We noted the department implemented procedures pertaining to a competitive procurement process for contracts beginning during the fiscal year 2010-2011 relating to Treatment Services.

We recommend that the County continue to implement and update its policies and procedures to ensure that all required SAPT contracts are procured using the federal procurement compliance requirements.

View of responsible officials and planned corrective action:

The County intends to comply with federal procurement compliance regulations by going out to bid for SAPT funding at the required intervals.

Alcohol and Drug Service's "Competitive Procurement Process" policy, which was originally written in August, 2010, will continue to be utilized and updated as required.

SAPT prevention, perinatal treatment, regular outpatient treatment, detox and residential treatment services were all put out to contractual bid and awarded in fiscal year 2010-11.

Contact: Maria Morfin (916) 875-2055

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Finding 2010-08

Program: Block Grant for Prevention and Treatment of Substance Abuse

CFDA No.: 93.959

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Alcohol and Drug Program

Award No:

Award Year: Fiscal Year 2009-2010

Compliance Requirement: Reporting

Criteria:

The State of California *Negotiated Net Amount and Drug Medi-Cal County Contract Boilerplate* for the fiscal year 2009-2010 states that, “Contractor shall submit timely the Drug and Alcohol Treatment Access Report (DATAR) and end-of-year cost data in the form of year-end cost settlement reports.”

Condition Found:

Instance of Non-Compliance – As a result of our audit during FY 2009-2010, we noted that the County submitted one DATAR to the State two days after the required due date.

Questioned Costs:

None

Context:

Through client inquiry and review of reports submitted to the California Department of Alcohol and Drug Program, it was noted that the DATARs are required to be submitted by the 10th day of the month following the end of the reporting month.

Effect:

Lack of timely submittal of required reports, in accordance with State and Federal guidelines, leads to non-compliance with federal and state reporting requirements.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Cause:

The County was unable to ensure compliance with requirements over reporting due to late submittal of the reports the California Department of Alcohol and Drug Program.

Recommendation:

We recommend that the County adhere to policies to ensure that required reports are submitted by the required due date in order to ensure compliance with federal and state requirements related to reporting.

View of responsible officials and planned corrective action:

The County will ensure staff is trained in all aspects of required reporting to ensure compliance with federal and state requirements in future reporting periods.

Contact: Maria Morfin (916) 875-2055

Finding 2010-09

Program: Supportive Housing Program

CFDA No.: 14.235

Federal Agency: U.S. Department of Housing & Urban Development

Passed-through: N/A

Award Year: Fiscal Year 2009-2010

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be responsible for:

- *During-the-Award Monitoring* - Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

- *Subrecipient Audits* - (1) 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 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition Found:

Material Weakness, Material Instance of Non-Compliance - As a result of our review of 12 subrecipient contracts in FY 2009-2010, we noted the following regarding subrecipient monitoring:

- For 5 of 12 subrecipients tested, the County did not perform a program monitoring site visit during the fiscal year 2009-2010.
- For 12 of 12 subrecipients tested, the County did not complete a site visit monitoring report during the fiscal year 2009-2010.
- For 12 of 12 subrecipients tested, the County did not complete fiscal monitoring review in the fiscal year 2009-2010.
- For 6 of 12 subrecipients tested, the County did not review the appropriate single audit reports for all subrecipient expending \$500,000 or more in federal grant awards during the fiscal year (or audited financial statements for all subrecipients expending less than \$500,000).

Questioned Costs:

The amount passed through to subrecipients total \$5,286,451 in FY 2010, this total is considered to be questioned costs as there was no monitoring completed to determine whether costs incurred by subrecipients are allowable and in compliance with program requirements.

Context:

Through client inquiry and testwork of specific requirements related to subrecipient monitoring, it was noted that the Supportive Housing Program's subrecipients were not appropriately monitored in the fiscal year 2009-2010 in accordance with OMB A-133 Compliance Requirements.

Effect:

Without conducting timely fiscal and compliance monitoring visits, the risk of unallowable cost/activities or inflated expense reporting exists. Without timely receipt and review of required subrecipient audit reports, there is no assurance that the subrecipients used Federal awards for authorized purposes, complied with laws, regulations, and the provisions of contracts and grant agreements.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Cause:

The County did not comply with federal subrecipient monitoring compliance requirements.

Recommendation:

We note that this is a repeat condition from the fiscal years 2004, 2005, 2006, 2007, 2008 and 2009 Single Audits.

We recommend that the County implement stronger internal controls, to ensure subrecipients are monitored on a timely basis and all reports and checklists are completed and properly approved and reviewed. Additionally, we recommend that the County develop the necessary internal control mechanism to ensure the receipt and review of all required audit reports from all subrecipients.

View of responsible official and planned corrective action:

“For 5 of 12 subrecipients tested, the County did not perform a program monitoring site visit during the fiscal year 2009-2010” - Monitoring of sub-recipient’s use of awards can be accomplished by many methods including but not limited to site visits. DHA has procedures in place to monitor a provider’s performance via monthly financial and program reports submitted by the providers and extracted from the DHA Homeless Management Information System (HMIS). These reports include the detail of:

- the amount and categories of funding expended;
- the number of individuals/families served;
- that providers are performing functions that align with the Supportive Housing Program HUD national goals;
- that providers are maintaining population, income, employment, stabilized housing goals; and,
- services provided consistent and in compliance with the DHA contract.

These reports are reviewed and analyzed by fiscal, contract and program staff. Further, DHA contract and program staff maintain communication with the providers of service on a routine basis regarding service delivery via face-to-face, e-mail and telephone discussions, training sessions and monthly provider meetings. This monitoring is a cost-efficient approach that meets the objectives of program monitoring of ensuring appropriate use of funds.

“For 12 of 12 subrecipients tested, the County did not complete a site visit monitoring report during the fiscal year 2009-2010” - DHA has procedures in place to monitor the performance of sub-recipient’s contracts via:

- fiscal and program reports;
- training, technical assistance and information sharing meetings conducted at the provider’s site and elsewhere; and
- quarterly performance reports.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

DHA program staff conducts quarterly reviews of providers which reviews:

- the amount of award expended to date;
- match requirement compliance;
- capacity served compared to contract requirements;
- HMIS data entry (timely and accurate);
- changes to program;
- changes to budgets;
- achievement in HUD defined goals; and,
- analysis of a quarterly Annual Performance Review report to review outcomes.

Information is shared with providers in areas of deficiency and a corrective action plan is created. Of the 12 subrecipients tested all but two had at least one quarterly monitoring report. Of the two without reports, one provider had just begun their new HUD contract and the other was a provider that DHA was working with to transfer the grant to another non-profit due to fiscal and program issues with the provider.

DHA program staff is currently implementing a formalized site monitoring visit for this fiscal year to check client files, homeless documentation, and disability documentation for permanent supportive housing.

“For 12 of 12 subrecipients tested, the County did not complete fiscal monitoring review in the fiscal year 2009-2010.”

Fiscal monitoring reviews are conducted monthly by both Contract and Fiscal staff when reviewing claims and back up documents (when applicable) submitted for payment. The processing of the claims include: review and analysis that expenses are claimed against the appropriate HUD categories; review and analysis that expenses are claimed against appropriate line item detail budgets; communication between program monitoring staff and the sub-recipient regarding any inconsistencies or irregularities in the fiscal information provided; review of match amounts (if required) reflected on the claim form; and, review of any supporting financial documents for accuracy against the claim and appropriateness within funding categories. Inappropriate claims for payment and/or irregularities in expenses are communicated to the provider and the program monitor immediately and Contract/Fiscal staff work to reconcile issues with the sub-recipient.

The notation under the Audit Recommendation states that “...this is a repeat condition from 2004, 2005, 2006, 2007, 2008 and 2009 Single Audits.” The 2004 Single Audit Report for Fiscal Year Ending June 30, 2004 does not note any condition regarding the HUD Supportive Housing Program. Monitoring site visits are a condition of the 2005, 2006, 2007 Single Audit reports but do not identify fiscal monitoring specifically. Fiscal monitoring was specifically noted in the 2008 and 2009 Single Audits.

Had audit staff requested to speak with Contract/Fiscal staff regarding the fiscal monitoring activities in this, and possible earlier audits, staff would have been able to demonstrate fiscal actions that monitor contract compliance.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

DHA is now in the process of transferring the HUD Supportive Housing Program to a local non-profit organization. DHA will endeavor to conduct as many fiscal reviews as possible during its remaining tenure as the Grantee. Further, as DHA transfers stewardship to the new entity and trains new staff to assume grant responsibilities, the high priority and necessity of the OMB A-133 Compliance Requirements will be stressed.

“For 6 of 12 subrecipients tested, the County did not review the appropriate single audit reports for all subrecipient expending \$500,000 or more in federal grant awards during the fiscal year (or audited financial statements for all subrecipients expending less than \$500,000).”

DHA submitted 7 of 12 single audit reports from subrecipients for the fiscal year under review. DHA is reviewing all contracts for Single Audit Report/Audited Financial Statement status to determine delinquency in audit submission. Staff is developing a system to send letters to subrecipients as the audit due date approaches and to follow through with on-going written communication to the contractors until the audit is received by DHA. DHA has also implemented a communication system with the County Auditor’s Office for audits that are delivered by subrecipients directly to the Auditor’s Office to ensure that DHA receives a copy of the audit. The DHA Fiscal Officer will review submitted audits, which will then be filed in the subrecipients’ file. A copy of the audit report will also be forwarded to the County Auditor’s Office.

Contact: Suzanne Hammer (916) 874-4325

Finding 2010-10

Program: Supportive Housing Program

CFDA No.: 14.235

Federal Agency: U.S. Department of Housing & Urban Development

Passed-through: N/A

Award Year: Fiscal Year 2009-2010

Compliance Requirement: Procurement, Suspension and Debarment

Criteria:

In accordance with *28CFR66.36(e)(i)*; "Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

- The item is available only from a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- The awarding agency authorizes noncompetitive proposals.
- After solicitation of a number of sources, competition is determined inadequate.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

The *June 2010 OMB Circular A-133 Compliance Supplement* also requires that Procurements awarded by noncompetitive negotiation may require prior Federal awarding agency approval.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - Through our review of 22 SHP contracts procured during FY 2009-2010, we noted that in 9 contracts managed by Mather Community Campus, the County awarded the contract to the vendor without receiving a minimum of 3 bids in each of the RFP.

In addition, no additional written sole-source justifications were filed by the County.

Questioned Costs:

None

Context:

Through client inquiry and testwork of specific requirements and policies related to procurement. It was noted that the supportive housing program's contracts were not procured competitively.

Effect:

The County's controls over documentation relating to procurement, suspension and debarment are weakened.

Cause:

The County was unable to ensure compliance with procurement, suspension and debarment requirements.

Recommendation:

We note that this is a repeat condition from the fiscal year 2009 Single Audit.

The County should implement stronger internal control review procedures over the contract procurement process to ensure that there is sufficient justification and adequate documentation for sole source procurements.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

View of responsible officials and planned corrective action:

Department of Human Assistance (DHA) initiated the process for a Request for Proposal for the Mather Community Campus in January 2010. The contract to assume sponsorship was awarded to Volunteers of America and became effective April 1, 2010. Per generally accepted competitive bid processes DHA communicated their intent to conduct a proposal process for Mather through a pre-public notice advertisement in the major local paper, a formal public notice in the major local paper, verbal notices at numerous public meetings frequented by providers of homeless services, and a large e-mail notification to all known local for-profit and non-profit contractors. The Bidders' Conference was attended by six different interested organizations. Due to the complexity of the program and the short timeline for implementation of the program only two responses were received. One response was submitted after the deadline and was subsequently rejected.

Due to budget challenges for DHA, the project needed to transfer to a new sponsor by April 1, 2010 or face closure. Because of the aggressive outreach to solicit bids, and the large scale and complexity of the program, it was determined that obtaining three proposals was unlikely.

With the change in sponsor to Volunteers of America this grant will be renewed annually through the HUD Supportive Housing Program process.

Contact: Suzanne Hammer (916) 874-4325

Finding 2010-11

Program: Temporary Assistance for Needy Families (TANF) Cluster (ARRA)

CFDA No.: 93.558/93.714

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Awarded Year: 2009-2010

Compliance Requirement: Eligibility

Criteria:

Per the Eligibility Assistance Standards Manual section 40-181.1(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 this regulation." Consistent with the internal control procedures established by OMB Circular A-133, "Procedures should be in place to provide reasonable assurance of the accuracy of the information used in eligibility determinations (and redeterminations)" and "signatures on eligibility documents periodically reviewed by an appropriate official".

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Condition Found:

Significant Deficiency – During our eligibility testing of the TANF case files, we noted the following:

- 4 cases where the SAWS1, Statement of Facts or SAWS2 was not present
- 4 cases where the QR7 was not present

Questioned Costs:

None

Context:

Through client inquiry and testwork of specific requirements related to eligibility, it was noted that the TANF program's eligibility files were not maintained completely in accordance with the Eligibility Assistance Standards Manual.

Effect:

Case data may not be current in the case file or on the Filenet system.

Cause:

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

Recommendation:

We recommend that the County strengthen its policies and procedures to ensure that all required forms are present in the case files and support the applicant's eligibility status.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

View of responsible official and planned corrective action:

Sacramento County has provided reminders to CalWORKs staff at three separate occasions, August, September and October 2010, of the requirement and our established policies/procedures for the proper documentation to support the eligibility determination based on findings of this review. We will continue to add these items to our agendas during our CalWORKS Division Meetings.

In an effort to ensure staff are meeting the requirements for proper documentation and eligibility determination, Sacramento County has already incorporated a new process where randomly chosen cases are being reviewed to ensure the required documentation has been maintained. These reviews are already taking place. To ensure that the reviews are completed and corrective actions are taken, we will be initiating a third party review by our Performance Measures Supervisor. She will randomly choose cases for this review on a monthly basis and provide feedback to the supervisors for corrective actions. We will monitor trends and provide staff training through our Staff Development Bureau.

Contact: Venus Guido (916-875-4476)

Finding 2010-12

Program: Medicaid Cluster - In-Home Supportive Services

CFDA No.: 93.778

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Health Services

Award Year: Fiscal year 2009-2010

Compliance Requirement: Eligibility

Criteria:

Per the *June 2010 OMB A-133 Compliance Supplement*, agencies are required to have documents in the case record to support the agency's eligibility determination. In addition, the State of California of Department of Social Services (CDSS) regulations state that county social service staff are to have a face-to-face contact at least once every 12 months, except as provided in MPP section 30-761.215 through 30-761.217, to adequately determine that the recipient continues to reside safely in their home with the IHSS services provided (MPP Section 30-761.13).

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Condition Found:

Material Weakness, Material Instance of Non-Compliance – As a result of our eligibility testing, we noted the following:

- 6 cases where the In-Home Support Services Assessment Form (SAS 293A) was not reviewed and signed by a social worker
- 2 cases where the In-Home Supportive Service Intake/Screening Form (SC333 or IHSS 333 Form - intake only) was not present
- 2 cases where the IHSS Recipient Responsibilities Form (SC351 or SOC 332 - intake & redetermination) was not present
- 2 cases where the Authorization to Obtain Health Records (Form 2099a) was not present
- 1 case where In-Home Support Services Assessment Form (SAS 293A) was not present
- 46 cases where the 12 months redetermination was not performed and recipients continued to receive aid

Questioned Costs:

None

Context:

The condition noted above was identified during our testing procedures over eligibility.

Effect:

Lack of supporting documentation for initial and ongoing eligibility determinations could lead to ineligible individuals receiving benefits.

Cause:

The condition is primarily caused by the County not following its policies and procedures to ensure the eligibility case files contain documentation to support eligibility and re-certifications.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Recommendation:

We note that this is a repeat condition from the fiscal years 2008 and 2009 Single Audits.

We recommend that the County strengthen its current policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

View of responsible officials and planned corrective actions:

Budgetary reductions during fiscal year 2009-10 resulted in the elimination of 25.6 social worker positions in the In-Home Supportive Services (IHSS) program. This immense loss created a need to restructure and streamline program functions. We agree that adherence to our current policies and procedures needs to be strengthened and are working toward this goal. A policy and procedure workgroup continues to update, revise and provide training to program staff. Additionally, we have segregated intake and continuing program functions to insure program uniformity and adherence to policies and procedures.

During Fiscal Year 2009-2010, IHSS staff continued to work on the overdue renewals. The loss of social worker positions further impacted the number of overdue renewals. By the end of the fiscal year there were approximately 37 uncovered caseloads. CDSS is aware of the overdue renewal rate: no sanctions have been imposed to date.

Contact: Floridalma Valencia (916) 874-8705

Finding 2010-13

Program: Medicaid Cluster – Alcohol and Drug Program (ARRA)

CFDA No.: 93.778

Federal Agency: U.S. Department of Alcohol and Drug Program

Award No.:

Award Year: Fiscal Year 2009-2010

Compliance Requirement: Subrecipient Monitoring

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be 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 – As a result of our audit during FY 2009-10, we noted that for 6 of the 6 subrecipient files selected for testing, the contract did not contain all the required language including the CFDA title and number, award name, and name of the Federal Agency.

Questioned Costs:

None

Context:

Through client inquiry and testwork of specific requirements related to subrecipient monitoring, it was noted that the required language identifying to the subrecipients that the funds were Federal was not properly documented.

Effect:

The subrecipient agreements do not specifically identify all of the required elements as required by OMB Circular A-133. The subrecipient agreements must 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 subrecipients to have a Single Audit performed.

Cause:

The County did not identify the CFDA title and number, award name, and Federal Agency in each subrecipient agreement.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Recommendation:

We recommend that the County enhance its policies and procedures to ensure the information required by OMB Circular A-133 are included in the subrecipient agreements. VTD noted that as of the issuance of this report, the County has notified its subrecipients via letter that the program is federally funded and has identified the CFDA title and number, award name and Federal Agency.

View of responsible officials and planned corrective action:

The Department is working on improved processes to ensure compliance with OMB Circular A-133 regarding CFDA numbers and the related required Federal award information. It is expected that the improvements will be implemented in the FY 2011/12 contracts.

Contact: Cindy Sawhill (916) 875-1984

Finding 2010-14

Program: Medicaid Cluster - Medical Assistance Program

CFDA No.: 93.778

Passed-through: California Department of Health Services

Award No.:

Award Year: Fiscal year 2009-2010

Compliance Requirement: Eligibility

Criteria:

The State of California of Department of Social Services (CDSS) regulations state that county social service staff is required to determine client eligibility in accordance with eligibility requirements defined in the approved State Plan (42 CFR Section 431.10). 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 County must verify the supporting documentation necessary to verify eligibility is complete and accurate. The Statement of Facts form provides the background information of the case and is used to determine eligibility. The Notice of Action (NOA) supports the approval of the application. The MC-210 or the SAW2, or the MC 4026, SSI Referral Alert form is the application for aid and establishes the beginning date of aid. On an annual basis the County requires, the Medi-Cal Annual Re-determination Form (RVSD MC -210) with an update on the applicants' circumstances and re-determines if the recipient is eligible to continue receiving benefits and obtain the Mid Status Reports (MSR: MC-176S). The County also requires other information such as social security, income verification, etc.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Condition Found:

Significant Deficiency, Instance of Non-Compliance -

Of the 60 cases selected, we noted the following:

- 1 case was missing proof of income
- 1 case was missing proof of residency
- 2 cases were missing MC-322/MC-210PS Property Supplement
- 3 cases were missing the RVSD MC -210 for redetermination of eligibility
- 2 case was missing the Income and Eligibility Verification System (IEVS)

Questioned Costs:

None

Context:

The condition noted above was identified during our testing procedures over eligibility.

Effect:

Lack of supporting documentation for initial and ongoing eligibility determinations could lead to ineligible individuals receiving benefits.

Cause:

The condition is primarily caused by the County not following its policies and procedures to ensure the eligibility case files contain documentation to support eligibility.

Recommendation:

We recommend that the County strengthen its established policies and procedures with regard to initial and ongoing eligibility determination, 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 SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

View of responsible officials and planned corrective actions:

We have identified areas that need strengthening in the intake and continuing eligibility processes and will be working to ensure the policies and procedures are correctly followed.

We will be:

- Training all staff at Medi-Cal quarterlies on the identified subjects
- Working with our QA/QC process to identify issues
- Rushmore case reviews by Eligibility Supervisors on income, residency, property, required forms and IEVS abstracts.

We have taken measures to address how information is sent to and maintained in Filenet.

Other issues for document imaging are being resolved. Procedures on case handling are being updated for Eligibility and Clerical staff. We have centralized Intake staff to assure that a standardized process is followed for case record handling.

Contact: Heidi Kerhulas (916) 874-7932

Finding 2010-15

Federal Program: Foster Care (ARRA)

CFDA #: 93.658

Federal Agency: U.S. Department of Health & Human Services

Passed-Through: California Department of Social Services

Award Year: FY 2009-2010

Compliance Requirement: Eligibility

Criteria:

The June 2010 Office of Budget and Management (OMB) Circular A-133 Compliance Supplement states that foster care maintenance payments are allowable only if the foster child was removed from the home of a relative specified in section 406(a) of the Social Security Act, as in effect on July 16, 1996, and placed in foster care by means of a judicial determination, as defined in 42 USC 672(a)(2), or pursuant to a voluntary placement agreement, as defined in 42 USC 672(f). The requirement involves the filing of documentations in association to judicial determination, permanency plan,

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Aid to Families with Dependent Child (AFDC) program eligibility, and related information that would provide reference to the foster family home provider's legal status and financial background.

Condition Found:

Material Weakness, Material Instances of Non-Compliance – As a result of our eligibility testing of 60 Foster Care case files, we noted that:

- 12 case files were missing the permanency plan, which notes the 12 month certification/recertification from the date the child entered foster care
- 1 case file was missing the FC3 form
- 2 case files were missing the FC3A form
- 1 case file was missing the FC4 form
- 1 case file was missing the judicial determination
- 3 case files were missing caseworker signature or approval

Questioned Costs:

Our sample resulted in known questioned costs of \$24,472.

Context:

Through inquiry and test work of specific requirements related to eligibility, it was noted that the Foster Care program's files were not properly maintained in accordance with OMB A-133 compliance requirements during fiscal year 2009-2010.

Effect:

Case data may not accurately reflect the eligibility status of the Foster Care recipients thus increasing the risk of noncompliance with the requirements of the State plan.

Cause:

The condition is primarily caused by the County not having policies and procedures in place to ensure the eligibility case files contain documentation to support eligibility.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Recommendation:

We note that this is a repeat condition from the fiscal years 2008 and 2009 Single Audits.

We recommend that the County implement stronger internal controls to ensure that all necessary and related documentation is included in the case files. The maintenance of these forms is important to demonstrate compliance with the Foster Care program.

View of responsible officials and planned corrective actions:

Sacramento County acknowledges that there are occasional instances where information related to the Permanency Plan is missing from the Foster Care case files. To remedy this issue, Sacramento County DHA is working closely with DHHS to ensure all court orders related to permanency plans are sent to DHA. All Foster Care Eligibility Workers will be notified both in person and in writing that these permanency plans must be received and document imaged by the time the annual Foster Care redetermination is due.

In addition, all Foster Care case files will now be required to contain an internal (SC 402) checklist to insure that all required Foster Care forms are present before the Intake Worker transfers the case to a Continuing Worker. The form contains a second set of check boxes for continuing staff to double check for required forms when they receive the case.

Contact: Kim Nassirian (916) 875-6390

Finding 2010-16

Program: Adoption Assistance (ARRA)

CFDA No.:93.659

Federal Agency: U.S. Department of Health & Human Services

Passed-Through: California Department of Social Services

Award Year: FY 2009-2010

Compliance Requirement: Eligibility

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires that the County determine eligibility in accordance with the specific eligibility requirements defined in the approved State plan. These requirements include the maintenance of documentation necessary to support eligibility determinations and re-determinations.

Condition Found:

Material Weakness, Material Instance of Non-Compliance - During our eligibility testing over the Adoption Assistance case files, we noted the following:

- 1 case file was missing the AAP1 form
- 3 case files were missing the AD907 form
- 2 case files were missing the AAP4 form
- 3 case files were missing the FC3 form
- 2 case files were missing the FC8 form
- 3 case files were missing the FC10 form

Question Cost:

Our sample resulted in \$26,849 of questioned costs.

Effect:

Case data may not accurately reflect the eligibility status of Adoption Assistance recipients thus increasing the risk of noncompliance with the requirements of the State plan.

Cause:

The condition is primarily caused by the County not having policies and procedures in place to ensure the eligibility case files contain documentation to support eligibility.

Context:

Through client inquiry and test work of specific requirements related to eligibility, it was noted that the Adoption Assistance program's files were not properly maintained in accordance with OMB A-133 compliance requirements during fiscal year 2009-2010.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Recommendation:

We recommend that the County strengthen their procedures to ensure that documentation required to support eligibility is properly maintained in the files.

View of responsible officials and planned corrective actions:

This audit revealed that required documents were not present in some Adoptions Assistance case files. Adoptions Assistance staff and supervisors have worked with the Foster Care Program Manager to update and reinstitute the use of a checklist form. This form will be used to assure that all required forms are accounted for by intake staff before the case is sent to clerical staff for imaging. The form contains a second set of check boxes for continuing staff to double check for required forms when they receive the case.

Contact: Kim Nassirian (916) 875-6390

Finding 2010-17

Program: State Homeland Security Grant Cluster

CFDA No. 97.067

Federal Agency: Department of Homeland Security

Passed-through: California Emergency Management Agency

Award No: Various

Award Year: 2006, 2007, 2008, 2009

Compliance Requirement: Subrecipient Monitoring

Criteria:

The June 2010 OMB Circular A-133 Compliance Supplement requires a pass-through entity to be responsible for:

- *Subrecipient Audits* - (1) Ensuring that subrecipients expending \$500,000 for fiscal years ending or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Condition:

Significant Deficiency, Instance of Non-Compliance - As a result of our audit during FY 2009-2010, we noted the following based on our testing performed over subrecipient monitoring:

- The County identified subrecipients that had single audit findings, however, the County did not acquire single audit reports for those subrecipients. As a result, the County did not issue a management decision on audit findings or ensure that the subrecipients took timely and appropriate corrective action.

Questioned Costs:

None

Context:

Through client inquiry and testwork of specific requirements related to subrecipient monitoring, it was noted that the Homeland Security Program's subrecipients were not monitored in accordance with OMB A-133 compliance requirements during fiscal year 2009-10.

Effect:

The Single Audit reports were not obtained for all of the County's subrecipients that were subject to the single audit requirement. As a result the County did not review subrecipient single audit findings which could have an impact on Homeland Security program funds. Further, without conducting a timely review of single audit findings and issuing a management decision on the findings the risk of non-compliance in relation to the Homeland Security program increases.

Cause:

The County was unable to ensure compliance with Federal requirements over subrecipient monitoring due to the lack of formalized policies and procedures related to subrecipient monitoring.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Recommendation:

We recommend that the County formalize policies and procedures related to subrecipient monitoring requirements as detailed by OMB Circular A-133. Also, we recommend that the County implement stronger internal controls, to ensure subrecipients are monitored on a timely basis and single audit reports are submitted by subrecipients on a timely basis and reviewed.

View of responsible officials and planned corrective action:

Management acknowledges that Single Audit Report findings from Sub-Recipients were not reviewed. All sub-recipients were monitored with both desk-monitoring and on-site monitoring as required.

The County revised its practice and currently requires sub-recipients to provide their Single Audit report every March, with a planned review of the reports within the federally prescribed timeline. A Management decision will be provided on Findings in Sub-Recipient Single Audit reports deemed to have a potential impact on the grant programs we administer.

Contact: Tami Randolph (916) 874-4674

Finding 2010-18

Program: Capital Improvement Program (ARRA)

CFDA No.: 93.703

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: State of California

Award No.: Various

Award Year: Various

Compliance Requirement: Procurement and Suspension and Debarment

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* states that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties list System (EPLS)*, collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Condition Found:

Significant Deficiency, Instance of Non-Compliance - While testing the annual contracts entered into with contracted consultants, we noted that no check was performed, nor verification clause included, in the contracts to ensure the vendor was not a suspended and debarred party with the EPLS.

It was noted that the original agreement with the contractor for the Electronic Medical Record and Electronic Practice Management System (EMR) was approved in December 2008. On June 25, 2009, the County received an Approval of Award (AOA) from the Health Resources and Services Administration (HRSA) identifying that the EMR project would receive ARRA funding and that the County should comply with ARRA provisions.

It was noted that the County did not modify its contract with the contractor of the Project upon notification of the ARRA funding June 2009 to include a verification clause, nor performed an EPLS check to ensure that the contractor was not a suspended or debarred party. A subsequent suspension and debarment check was performed at the date of audit with no exceptions noted.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing of the procurement and suspension and debarment requirements of the program.

Effect:

The County increases its risk of contracting with a suspended and debarred vendor.

Cause:

The County did not follow procedures requiring verification of the suspended and debarred status of contracted consultants.

Recommendation:

We recommend implement procedures to ensure that procurements and subawards of federally funded projects are verified against the EPLS for suspension or debarment.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

View of responsible officials and planned corrective actions:

The County of Sacramento is currently developing a countywide contract risk management process to minimize potential risks when contracting for goods, services and programs. Part of this effort includes performing research on vendors/contractors/organizations to ensure they are not on any Federal and State debarment lists.

Contact: Craig Rader (916) 876-6362

Finding 2010-19

Program: Shelter Plus Care Program

CFDA No.: 14.238

Federal Agency: U.S. Department of Housing & Urban Development

Passed-through: N/A

Award Year: Fiscal Year 2009-2010

Compliance Requirement: Reporting

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires the grantee to be responsible for the *HUD-40188, Annual Progress Report (OMB No. 2506-0145)* due from each grantee within 90 days after the end of each operating year.

Condition:

Instance of Non-Compliance - As a result of our review, we noted the County did not submit the Annual Progress Report within the 90 day timeframe for both contracts under this program.

Questioned Costs:

None

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Context:

Through client inquiry and testwork of specific requirements and policies related to reporting, it was noted that the Shelter Plus Care Program's reports were not submitted in timely for fiscal year 2009-2010.

Effect:

Without conducting timely fiscal and compliance reporting of the APR, the County may not be in compliance with its reporting requirements.

Cause:

The County did not submit the APRs timely.

Recommendation:

We recommend that the County adhere to policies to ensure that reports are submitted by the required due dates.

View of responsible officials and planned corrective action:

Both Shelter Plus Care APR's were submitted approximately 7-10 days after the required 90 day time period for submission, in part, due to staffing changes and overall staffing reductions in Homeless Programs. DHA has a calendar to track when APR's are due and the Program Manager regularly meets with the assigned staff person regarding progress of the report. Both reports are expected to be submitted timely in 2011.

Contact: Suzanne Hammer (916) 874-4325

Finding 2010-20

Program: Energy Efficiency Community Block Grant - ARRA

CFDA No.: 81.128

Federal Agency: U.S. Department of Energy

Passed-through: N/A

Award Year: 2009-10

Compliance Requirement: Cash Management

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Criteria:

Per 10 CFR 600.221, for advances through the Automated Standard Application for Payments (ASAP) System, grantees and sub grantees shall be paid in advance, provided that they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursements by the grantee or sub grantee.

In addition, grantees and subgrantees shall promptly, but at least quarterly, remit to the Federal agency interest earned on advances. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses.

Condition Found:

Significant Deficiency, Instance of Non-compliance - An advance grant funding of \$2.9 million was erroneously drawn down by the County on October 23, 2009. The Department of Energy notified the County of the error and the advanced funds net of the actual expenditures incurred during the period were returned. The funds were returned on January 19, 2010. However, the interest earned from the advance was not remitted to DOE.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing procedures over cash management.

Effect:

The County withdrew funds prior to incurring expenditures. The County did not remit interest earned on the advanced funds to the Federal agency.

Cause:

Proper policies and procedures over cash management are not in place.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Recommendation:

We recommend that the County implement policies and procedures to ensure compliance with cash management. The County should estimate the total interest due to the federal government.

View of responsible officials and planned corrective action:

The County plans to implement policies and procedures over cash management to comply with the grant terms. The County will also perform the interest calculation and remit any interest identified.

Contact: Terrie Gaines (916) 876-6287

Finding 2010-21

Program: Energy Efficiency Community Block Grant

CFDA No.: 81.128

Federal Agency: U.S. Department of Energy

Passed-through: N/A

Award Year: 2009-10

Compliance Requirement: Procurement

Criteria:

Per section 1605 of ARRA, 2CFR part 176, an award that provides ARRA funding for construction, alteration, or maintenance of a public building or public work must include a Buy-American award term in the contract.

Condition Found:

Significant Deficiency, Instance of Non-Compliance – It was noted that the original agreement for the Cogeneration Project and RCCC Project was approved prior to the grant award. On September 28, 2009, the County received an approval of award from the U.S. Department of Energy identifying that the project would receive ARRA funding and that the County should comply with the ARRA provisions as they apply to the Energy Efficiency Community Block Grant.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

It was noted that the County did not modify its contract with the contractors of the Project upon notification of the ARRA funding in September 2009. We did note that for one of the contracts tested, the County obtained a letter from the vendor certifying compliance with the Buy American requirements. However, the County did not obtain a similar certification for the remaining vendor.

Questioned Costs:

None

Context:

The condition noted was identified during our testing procedures over procurement.

Effect:

As a result of the condition, there is increased risk of non-compliance with the requirements applicable to Procurement.

Cause:

The County did not modify the existing contracts upon notification of the ARRA funding in September 2009.

Recommendation:

We recommend that County strengthen its policies and procedures to ensure the Buy-American clause are included for all applicable contracts.

View of responsible officials and planned corrective action:

The County has modified the standard contract template to include the Buy-American clause. If possible, the Cogeneration and RCCC contracts will be amended to include the Buy-American clause. If the amendments are not feasible, the awards will be moved to another project within the grant.

Contact: Terrie Gaines (916) 876-6287

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Finding 2010-22

Program: Energy Efficiency Community Block Grant

CFDA No.: 81.128

Federal Agency: U.S. Department of Energy

Passed-through: N/A

Award Year: 2009-10

Compliance Requirement: Reporting

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 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.” Additionally, the June 2010 *OMB Circular A-133 Compliance Supplement* states that financial reports, including the SF-425 and ARRA 1512 reports, must be complete, accurate, and be prepared in accordance with the stated accounting basis.

Condition Found:

Significant Deficiency, Instance of Non-Compliance – The following was noted during our testwork performed over reporting:

- It was noted that for 2 of the 2 reports sampled, the ARRA Section 1512 reports did not include expenditures incurred during the extended period of availability.
- It was noted that for 1 report sampled, the SF-425 report did not include expenditures incurred during the extended period of availability.
- It was noted that for 1 report sampled, the SF-425 report improperly applied the accrual basis of accounting, which led to the report submission being rejected by DOE twice. It was noted that in these instances, the “unliquidated obligations” reported was actually comprised of total contract amounts instead of program expenditures.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing procedures over reporting.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, (Continued)

Effect:

The reports being submitted do not accurately reflect the expended funds of the grant awarded to the County.

Cause:

The County does not have procedures in place to ensure the information required to be reported to DOE is complete and accurate.

Recommendation:

We recommend the County strengthen its policies and procedures to ensure reports submitted to the grantor agencies are accurate, apply the proper basis of accounting, and reconcile to the accounting records.

View of responsible officials and planned corrective action:

The County has implemented procedures to ensure that the reports submitted to grantor agencies are accurate. A review all documentation, accounting entries and reconciliations will be made by a manager prior to submittal of the claim.

Contact: Terrie Gaines (916) 876-6287

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

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 of Corrective Action
2009-01	Long Term Financial Plan	N/A	N/A	Not Implemented – See current year finding 2010-01
2009-02	Preparation of the Financial Statements	N/A	N/A	Implemented
2009-03	Cutoff	N/A	N/A	Not Implemented – See current year finding 2010-02
2009-04	Supervisory Approval of Employee Labor Hours	N/A	N/A	Not Implemented – See current year finding 2010-03
2009-05	Analysis of Trust Funds	N/A	N/A	Not Implemented – See current year finding 2010-04
2009-06	Retroactive Infrastructure	N/A	N/A	Implemented
2009-07	Actuarial Studies – Risk Management	N/A	N/A	Implemented
2009-08	Supplemental Nutritional Assistance Program (SNAP)	10.551 and 10.561	Special Tests and Provision – ADP System for SNAP	Not Implemented – See current year finding 2010-05
2009-09	Block Grant for Prevention and Treatment of Substance Abuse	93.959	Subrecipient Monitoring	Not Implemented – See current year finding 2010-06
2009-10	Block Grant for Prevention and Treatment of Substance Abuse	93.959	Procurement, Suspension & Debarment	Not Implemented – See current year finding 2010-07
2009-11	Supportive Housing Program	14.235	Subrecipient Monitoring	Not Implemented – See current year finding 2010-09
2009-12	Supportive Housing Program	14.235	Procurement, Suspension & Debarment	Not Implemented – See current year finding 2010-10
2009-13	Temporary Assistance for Needy Families (TANF)	93.558	Eligibility	Not Implemented – See current year finding 2010-11
2009-14	Medicaid Cluster – In-Home Supportive Services	93.778	Eligibility	Not Implemented – See current year finding 2010-12
2009-15	Medicaid Cluster – In-home Supportive Services	93.778	Allowable Costs and Activities	Implemented
2009-16	Medicaid Cluster – Alcohol and Drug Program (ARRA)	93.778	Subrecipient Monitoring	Not Implemented – See current year finding 2010-13

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Finding No.	Program	CFDA No.	Compliance Requirement	Status of Corrective Action
2009-17	Medicaid Cluster - Medical Assistance Program	93.778	Eligibility	Not Implemented – See current year finding 2010-14
2009-18	Foster Care (ARRA)	93.658	Allowable Costs and Activities	Implemented
2009-19	Foster Care (ARRA)	93.658	Eligibility	Not Implemented – See current year finding 2010-15
2009-20	Adoption Assistance (ARRA)	93.659	Eligibility	Not Implemented – See current year finding 2010-16
2009-21	State Homeland Security Grant Cluster	97.067	Subrecipient Monitoring	Not Implemented – See current year finding 2010-17
2009-22	State Homeland Security Grant Cluster	97.067	Reporting	Implemented
2009-23	Airport Improvement Program	20.106	Davis-Bacon Act	Implemented
2009-24	Consolidated Health Centers-Health Care for the Homeless (ARRA)	93.224/ 93.073	Eligibility	Implemented