



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

**SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

COUNTY OF SACRAMENTO, CALIFORNIA

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

For the Fiscal Year Ended June 30, 2009

COUNTY OF SACRAMENTO, CALIFORNIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	PAGE
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 <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program, Internal Control Over Compliance and the Schedule of Expenditures of Federal Awards in Accordance with <i>OMB Circular A-133</i>	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	
I. Summary of Auditors' Results	39
II. Financial Statement Findings	40
III. Federal Awards Findings and Questioned Costs.....	52
Schedule of Prior Year Audit Findings	92



**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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 27, 2010. Our report was modified to include an explanatory paragraph regarding the County's General Fund Unreserved Fund Balance deficit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1 through 2009-7 to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to management of the County in a separate letter dated January 27, 2010.

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.

Vavrinick, Trine, Day & Co. LLP

Rancho Cucamonga, California
January 27, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO 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 compliance of the County of Sacramento, California (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County'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 2009-10, 2009-11, 2009-14 and 2009-20, 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 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 are applicable to each of its major federal programs for the year ended June 30, 2009.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2009-8, 2009-9, 2009-12, 2009-13, 2009-15, 2009-16, 2009-18, 2009-19, 2009-21, 2009-23, and 2009-24.

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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-8 through 2009-12, and 2009-14 through 2009-23 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2009-10, 2009-11, 2009-14 and 2009-20 to be material weaknesses.

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, 2009, and have issued our report thereon dated January 27, 2010. Our report was modified to include an explanatory paragraph regarding the County's General Fund Unreserved Fund Balance deficit. 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.

We noted certain matters that we reported to management of the County in a separate letter dated March 19, 2010.

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

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

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California

March 19, 2010, except for the schedule of expenditures of federal awards
as to which the date is January 27, 2010

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

<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 (2)	94.011	08SFPCA003	436,616	249,002
CNCS Foster Grandparents Program	94.011	08SFPCA003	436,616	200,793
CATALOG TOTAL			873,232	449,795
CNCS Senior Companion Program	94.016	06SPCA010	105,007	85,487
CATALOG TOTAL			105,007	85,487
DIRECT PROGRAMS:			1,087,626	644,669
TOTAL DIRECT PROGRAMS:			\$1,087,626	\$644,669
TOTAL U.S. CORPORATION FOR NATIONAL & COMM. SVC.			\$1,087,626	\$644,669

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, 2009**

<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	\$4,907,926	\$4,907,926
CATALOG TOTAL			4,907,926	4,907,926
PASSED THROUGH STATE DEPARTMENT OF HEALTH SERVICES:			4,907,926	4,907,926
<u>PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:</u>				
Supplemental Nutrition Assistance Program (SNAP)	10.551		\$229,464,152	\$229,464,152
CATALOG TOTAL			229,464,152	229,464,152
State Matching Supplemental Nutrition Assistance Program	10.561		1,083,200	1,083,200
State Matching Supplemental Nutrition Assistance Program	10.561		19,272,262	19,272,262
CATALOG TOTAL			20,355,462	20,355,462
PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:			249,819,614	249,819,614
TOTAL PASS THROUGH PROGRAMS:			\$254,727,540	\$254,727,540

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$254,727,540	\$254,727,540
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<u>DIRECT PROGRAMS:</u>				
Environmental Services Coop Agreement III	12.607	FA89030820001	\$11,200,000	\$979,073
Environmental Services Coop Agreement II	12.607		15,100,000	6,465,287
McClellan Gateway 3 & 5 Overlay Project	12.607	SP0453-08-02	2,400,000	1,306,241
Environmental Services Coop Agreement I	12.607		1,000,000	43,161
CATALOG TOTAL			29,700,000	8,793,762
DIRECT PROGRAMS:			29,700,000	8,793,762
TOTAL DIRECT PROGRAMS:			\$29,700,000	\$8,793,762
TOTAL U.S. DEPARTMENT OF DEFENSE			\$29,700,000	\$8,793,762
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<u>PASSED THROUGH STATE DEPARTMENT OF MENTAL HEALTH:</u>				
Federal IDEA		84.326	\$1,800,000	\$1,800,000
CATALOG TOTAL			1,800,000	1,800,000

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			105,007	\$39,414
DIRECT PROGRAMS:			4,085,865	3,396,819
TOTAL DIRECT PROGRAMS:			\$4,085,865	\$3,396,819
<u>PASSED THROUGH AREA 4 AGENCY ON AGING:</u>				
Home Delivered Meals/SNS - A4AA (OTO)	93.044	31-21-34-09	\$39,432	\$39,432
A4AA SNS Transportation	93.044	31-12-34-09	70,783	70,783
A4AA Mental Health (Loneliness)	93.044	31-10-34-09	91,346	91,346
CATALOG TOTAL			201,561	201,561
Congregate Meals - A4AA	93.045	31-20-34-09	650,323	650,323
Home Delivered Meals/SNS - A4AA	93.045	31-21-34-09	1,103,165	1,103,165
CATALOG TOTAL			1,753,488	1,753,488
Congregate Meals A4AA/NSIP	93.053	31-20-34-09	123,427	123,418
Home Delivered Meals/SNS - NSIP	93.053	31-21-34-09	236,759	236,764

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			360,186	\$360,182
PASSED THROUGH AREA 4 AGENCY ON AGING:			2,315,235	2,315,231
<u>PASSED THROUGH STATE DEPARTMENT OF ALCOHOL & DRUG:</u>				
Alcohol & Drug Medi-Cal (ARRA)	93.778	NNA	\$1,112,465	\$1,112,465
Alcohol & Drug Medi-Cal	93.778	NNA 34	4,850,796	4,850,796
CATALOG TOTAL			5,963,261	5,963,261
Alcohol & Drug - Substance Abuse Prevention & Treatment	93.959	NNA 34	7,678,259	6,502,759
CATALOG TOTAL			7,678,259	6,502,759
<u>PASSED THROUGH STATE DEPARTMENT OF ALCOHOL & DRUG:</u>				
<u>PASSED THROUGH STATE DEPARTMENT OF HEALTH SERVICES:</u>				
Compassion Capital Fund	93.009		\$9,528	\$9,528
CATALOG TOTAL			9,528	9,528
Tuberculosis Program	93.116		566,787	335,565

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			566,787	\$335,565
Community Challenge Grant	93.235	05-45319	210,000	210,000
CATALOG TOTAL			210,000	210,000
Immunization Assistance Program (IAP)	93.268	07-65240	503,725	503,725
CATALOG TOTAL			503,725	503,725
Public Health Preparedness & Response to Bioterror Prgm.	93.283	EPO CDC 07-34	1,763,340	1,600,344
CATALOG TOTAL			1,763,340	1,600,344
Refugee Preventive Health	93.566	0734908401	100,000	99,416
Refugee Health Basic	93.566	37349084001	359,045	359,045
CATALOG TOTAL			459,045	458,461
Targeted Case Management (TCM)	93.778	34-0712	3,320,621	1,898,842
CHDP EPSDT	93.778	2008-2009	3,015,402	1,820,195

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			6,336,023	\$3,719,037
Hospital Preparedness Program (HPP)	93.889	EPO HPP 07-34	667,676	386,282
CATALOG TOTAL			667,676	386,282
AIDS MG - Early Intervention (Fed HRSA RW Part B, MAI, CDC)	93.917	07-65073	814,958	414,669
Ryan White Part B	93.917	06-55766	761,739	807,647
CATALOG TOTAL			1,576,697	1,222,316
AIDS MG - HIV Education & Prevention	93.940	07-65073	660,747	633,803
CATALOG TOTAL			660,747	633,803
Black Infant Health (BIH)	93.994	2007-0657	775,063	421,590
Maternal, Child & Adolescent Health (MCAH)	93.994	200834	597,396	236,586
CATALOG TOTAL			1,372,459	658,176
PASSED THROUGH STATE DEPARTMENT OF HEALTH SERVICES:			14,126,027	9,737,237

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, 2009**

<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 MENTAL HEALTH:</u>				
Projects for Assistance in Transition from Homelessness (PATH)	93.150		\$354,203	\$354,203
CATALOG TOTAL			354,203	354,203
Substance Abuse & Mental Health Svc. Admin. (SAMHSA)	93.958		1,666,339	1,666,339
CATALOG TOTAL			1,666,339	1,666,339
PASSED THROUGH STATE DEPARTMENT OF MENTAL HEALTH:			2,020,542	2,020,542
<u>PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:</u>				
Promoting Safe and Stable Families (PSSF)	93.556	County 34	\$1,144,478	\$1,248,030
PSSF - Monthly Caseworker Visits	93.556	County 34	475,511	219,883
CATALOG TOTAL			1,619,989	1,467,913
CalWORKS (Assist)	93.558		91,166,762	91,166,762
CalWORKS - CalWIN Project	93.558		1,068,640	1,068,640
Child Welfare Services - EA TANF	93.558	County 34	12,416,112	12,416,112
CalWORKS - Administration	93.558		79,988,374	79,988,374
Stage One Child Care	93.558		25,031,593	25,031,593

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			209,671,481	\$209,671,481
Child Support Administration	93.563		17,874,140	17,874,140
Child Support Administration - ARRA	93.563		2,936,325	2,936,325
CATALOG TOTAL			20,810,465	20,810,465
Refugee Cash Asst. (RCA) & Other Refugee Prgm. (Admin)	93.566		151,124	151,124
Refugee Cash Asst. (RCA) & Other Refugee Prgm. -CalWIN	93.566		763	763
Refugee Cash Asst. (RCA) & Other Refugee Prgm. (Assist)	93.566		488,502	488,502
CATALOG TOTAL			640,389	640,389
Child Welfare Services - Title IV-B	93.645	County 34	1,791,521	1,791,521
CATALOG TOTAL			1,791,521	1,791,521
Adoption Demo Project	93.652	County 34	87,500	87,500
CATALOG TOTAL			87,500	87,500
Foster Care (AFDC) - ADMINISTRATION	93.658		2,762,011	2,762,011

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CWSOIP/COHORTI	93.658	County 34	508,910	\$508,910
Family Preservation (FFP)	93.658	County 34	44,315	44,315
ARRA - Foster Care (AFDC) - Assistance	93.658		1,493,820	1,493,820
Group Home Monthly Visits	93.658	County 34	263,007	263,007
Foster Care (AFDC) - Assistance	93.658		22,862,355	22,862,355
Child Welfare Services - Title IV-E	93.658	County 34	25,770,392	35,703,538
Community Care Licensing/FFH/FCCH/FDCR	93.658	County 34	730,567	730,567
Foster Parent Training & Recruitment (AB 2129)	93.658	County 34	79,025	79,025
CATALOG TOTAL			54,514,402	64,447,548
AAP (Adopt ENS)	93.659		618,672	618,672
ARRA - Adoption Assistance Program (AAP)	93.659		1,498,494	1,498,494
Adoption Assistance	93.659	County 34	2,471,636	2,499,179
Adoption Assistance Program (AAP)	93.659		20,274,042	20,274,042
CATALOG TOTAL			24,862,844	24,890,387
Child Welfare Services - Title XX	93.667	County 34	2,365,092	2,365,092

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			2,365,092	\$2,365,092
Independent Living	93.674	County 34	800,486	800,486
CATALOG TOTAL			800,486	800,486
Adult Protective Services	93.778	County 34	3,659,834	3,659,834
CSBG	93.778	County 34	260,676	260,676
In-Home Support Services (IHSS)	93.778	County 34	10,089,424	13,092,824
Medi-Cal Assistance-CalWIN Project	93.778		2,072,541	2,072,541
Medi-Cal Assistance	93.778		22,684,053	22,684,053
Medi-Cal Administrative Activities	93.778	04-35103	6,000,000	3,354,313
Child Welfare Services - Title XIX	93.778	County 34	1,085,211	2,464,780
CATALOG TOTAL			45,851,739	47,589,021
PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:			363,015,908	374,561,803
TOTAL PASS THROUGH PROGRAMS:			\$395,119,232	\$401,100,833

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SVCS.			\$399,205,097	\$404,497,652
<u>U.S. DEPARTMENT OF HUD</u>				
<u>DIRECT PROGRAMS:</u>				
LSS-Adolfo PH Emancipated Youth (2)	14.235	CA01B703024	\$448,309	\$397,511
LSS - Trans Housing For Youth (2)	14.235	CA01B603007	175,786	67,601
LSS - Trans. Housing For Youth	14.235	CA01B703020	175,786	70,253
LSS Transitional Housing Program (2)	14.235	CA0155B9T030801	229,107	52,072
LSS Transitional Housing Program	14.235	CA01B703010	229,107	172,177
LSS Saybrook Apartments (2)	14.235	CA01B703005	497,424	349,574
LSS Saybrook Apartments	14.235	CA0150B9T030801	497,424	183,398
MAAP - Casas de Esperanza (2)	14.235	CA0133B9T030801	327,869	85,043
LSS Building Bridges (2)	14.235	CA0132B9T030801	361,670	89,954
Aids Housing Alliance/THP	14.235	CA01B703012	89,932	75,803
LSS - Adolfo PH Emancipated Youth	14.235	CA01B603013	490,071	31,103
Homeless Management Information System (2)	14.235	CA01B703029	99,960	93,130
Homeless Management Information System	14.235	CA01B503030	99,960	6,461
LSS - Teen Trans Housing Connections	14.235	CA0135B9T030801	275,838	18,836
AIDS Housing Alliance - Avalon	14.235	CA1B603007	81,746	47,344
LSS Building Bridges	14.235	CA01B703013	361,670	234,402

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Travelers Aid	14.235	CA0136B9T030801	403,435	\$26,391
Friendship Housing Expansion	14.235	CA01B603001	629,477	193,148
Sacramento Children's Home Crisis Nursery	14.235	CA0148B9T030801	187,714	62,573
Sacramento Children's Home Crisis Nursery (2)	14.235	CA01B703027	187,714	154,069
Omega Project (2)	14.235	CA01B703006	316,033	246,569
Omega Project	14.235	CA01B603008	316,033	30,428
Friendship Housing (2)	14.235	CA01B703008	151,000	85,694
Shelter Plus Care - Shasta Hotel (18 Units) (2)	14.235	CA01C603031	111,888	25,281
Friendship Housing Expansion (2)	14.235	CA01B603001	629,477	47,312
Travelers Aid (2)	14.235	CA01B703014	398,509	363,651
LSS Adolfo Trans Housing For Emancipated Youth	14.235	CA01B703023	259,831	155,229
NOVA House (2)	14.235	CA01B703007	102,107	69,635
NOVA House	14.235	CA0142B9T030801	102,107	37,837
LSS - Teen Trans Housing Connections (2)	14.235	CA01B703015	275,838	212,662
MAAP - Casas de Esperanza	14.235	CA01B503001	433,705	241,647
Shelter Plus Care - Shasta Hotel (18 Units)	14.235	CA01C703031	115,776	19,365
Mather Community Campus	14.235	CA01B603017	3,061,636	249,623
McClellan Park	14.235	CA01B603022	226,000	162,006
McClellan Park (2)	14.235	CA01B703018	226,000	124,415

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
MAAP - Casas Serenes (2)	14.235	CA0134B8T030801	256,032	\$52,607
Quinn Cottages	14.235	CA01B703017	312,138	192,225
MAAP - Casas Serenes	14.235	CA01B403001	236,511	230,416
Quinn Cottages (2)	14.235	CA01B603028	312,138	128,001
MAAP - HEALTH Project (2)	14.235	CA01B603005	110,250	250
Resource For Independent Living (2)	14.235	CA01B703026	123,496	111,311
Resource For Independent Living	14.235	CA157B9T030801	123,496	17,761
Mercy Housing Center - King Project	14.235	CA01B303001	162,941	62,444
Friendship Housing	14.235	CA01B503026	151,000	66,867
MAAP - HEALTH Project	14.235	CA01B703025	110,250	51,244
Mather Community Campus (2)	14.235	CA01B703003	3,061,636	2,667,968
CATALOG TOTAL			17,535,827	8,063,291
Shelter Plus Care (2)	14.238	CA0153C9T030801	4,100,988	1,000,416
Shelter Plus Care	14.238	CA01C703030	3,939,840	2,992,170
CATALOG TOTAL			8,040,828	3,992,586

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
DIRECT PROGRAMS:			25,576,655	\$12,055,877
TOTAL DIRECT PROGRAMS:			\$25,576,655	\$12,055,877
<u>DIRECT PROGRAMS:</u>				
AIDS Housing Alliance - Avalon (2)	14.235	CA01B703002	\$81,746	\$41,988
CATALOG TOTAL			81,746	41,988
DIRECT PROGRAMS:			81,746	41,988
<u>PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:</u>				
Community Development Block Grant	14.218		\$1,424,803	\$1,223,922
CATALOG TOTAL			1,424,803	1,223,922
PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES:			1,424,803	1,223,922
TOTAL DIRECT PROGRAMS:			\$1,506,549	\$1,265,910

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
TOTAL U.S. DEPARTMENT OF HUD			\$27,083,204	\$13,321,787
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<u>DIRECT PROGRAMS:</u>				
FY 2007 Edward Byrne Justice Assistance Grant (JAG) Program	16.592	2007-DJ-BX-0522	\$441,506	\$441,506
CATALOG TOTAL			441,506	441,506
State Criminal Alien Assistance Program	16.606	2008-AP-BX-1049	1,113,835	1,113,835
CATALOG TOTAL			1,113,835	1,113,835
COPS Technology 2008 Program	16.710	2008CKWX0473	327,355	15,555
DNA Cold Case Apprehension & Prosecution (DCCAP)	16.710	2008-DN-BX-K147	392,160	155,863
COPS Technology 2004 Program	16.710	2004CKWX0333	296,843	14,073
Internet Crimes Against Children (1)	16.710	2007-MC-CX-K002	750,000	382,619
COPS More 2001 Program	16.710	2001CLWX0031	1,000,000	383,846
CATALOG TOTAL			2,766,358	951,956
Forensic Casework DNA Backlog Reduction Program - FY 2007	16.741	2007-DN-BX-K155	503,135	307,913
Forensic Casework DNA Backlog Reduction Program - FY 2008	16.741	2008-DN-BX-K031	513,600	93,610

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			1,016,735	\$401,523
DIRECT PROGRAMS:			5,338,434	2,908,820
TOTAL DIRECT PROGRAMS:			\$5,338,434	\$2,908,820
<u>PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY</u>				
Solving Cold Cases with DNA	16.560	2005-DN-BX-K030	\$41,952	\$41,952
CATALOG TOTAL			41,952	41,952
Victim/Witness Special Emphasis	16.575	SE08180340	93,500	93,500
Victim Witness Assistance Program	16.575	VW08270340	314,919	314,919
Elder Abuse Advocacy & Outreach Program	16.575	EA08110340	55,973	47,022
CATALOG TOTAL			464,392	455,441
Region Four Gang Information Network	16.580	RA07010340	200,000	68,081
CATALOG TOTAL			200,000	68,081

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Domestic Violence Response Program	16.588	LE07050340	71,254	\$28,297
CATALOG TOTAL			71,254	28,297
Residential Substance Abuse Treatment (RSAT) Program	16.593	RT07040340	208,828	127,645
CATALOG TOTAL			208,828	127,645
Project Safe Neighborhood (1)	16.609	US07 02 0340	301,499	179,583
CATALOG TOTAL			301,499	179,583
Anti-Drug and Child Abuse Enforcement Team	16.738	DC08210340	612,216	612,216
CATALOG TOTAL			612,216	612,216
Paul Coverdell Forensic Science Improvement Program - FY	16.742	CQ08 06 0340	42,408	22,750
Paul Coverdell Forensic Science Improvement Program - FY	16.742	CQ07 05 0340	39,774	26,190
CATALOG TOTAL			82,182	48,940
Anti Gang Initiative	16.744	AG06010340	38,709	38,709

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			38,709	\$38,709
PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY			2,021,032	1,600,864
<u>PASSED THROUGH STATE BOARD OF CORRECTIONS:</u>				
JABG 2008	16.523	CSA 173-08	\$133,979	\$133,979
CATALOG TOTAL			133,979	133,979
PASSED THROUGH STATE BOARD OF CORRECTIONS:			133,979	133,979
TOTAL PASS THROUGH PROGRAMS:			\$2,155,011	\$1,734,843
TOTAL U.S. DEPARTMENT OF JUSTICE			\$7,493,445	\$4,643,663
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<u>DIRECT PROGRAMS:</u>				
Airport Improvement Program 0204-43	20.106	3-06-0204-43	\$1,708,492	\$1,705,298
Airport Improvement Program 0363-13	20.106	3-06-0363-13	750,000	416,952
Airport Improvement Program 0204-44	20.106	3-06-0204-44	2,971,604	2,971,604
Airport Improvement Program 0084-04	20.106	3-06-0084-04	300,000	161,544

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Airport Improvement Program 0204-42	20.106	3-06-0204-42	565,000	\$552,424
Airport Improvement Program 0204-40	20.106	3-06-0204-40	200,000	18,468
Airport Improvement Program 0204-31	20.106	3-06-0204-31	4,904,522	27,434
Airport Improvement Program 0205-10	20.106	3-06-0205-10	300,000	46,260
Airport Improvement Program 0205-09	20.106	3-06-0205-09	627,463	503,686
Airport Improvement Program 0205-08	20.106	3-06-0205-08	275,000	16,048
Airport Improvement Program 0363-15	20.106	3-06-0363-15	915,000	9,500
Airport Improvement Program 0363-14	20.106	3-06-0363-14	380,000	1,795
Airport Improvement Program 0363-12	20.106	3-06-0363-12	2,458,732	529,277
Airport Improvement Program 0363-10	20.106	3-06-0363-10	2,363,861	95,015
CATALOG TOTAL			18,719,674	7,055,305
DIRECT PROGRAMS:			18,719,674	7,055,305
TOTAL DIRECT PROGRAMS:			\$18,719,674	\$7,055,305
<u>PASSED THROUGH STATE DEPARTMENT OF TRANSPORTATION:</u>				
Safe, Accountable, Flexible, Efficient Transportation Equity	20.205	03-5924	\$7,129,332	\$7,129,332
TEA-21	20.205	03-928515	1,506,625	137,594

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Safe, Accountable, Flexible, Efficient Transportation Equity	20.205	03-5924	4,555,876	\$4,102,884
CATALOG TOTAL			13,191,833	11,369,810
Recidivist DUI Arrest Program	20.600	AL0909	256,104	256,104
Recidivist DUI Arrest Pilot Program	20.600	AL0754	29,309	29,309
CATALOG TOTAL			285,413	285,413
PASSED THROUGH STATE DEPARTMENT OF TRANSPORTATION:			13,477,246	11,655,223
TOTAL PASS THROUGH PROGRAMS:			\$13,477,246	\$11,655,223
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$32,196,920	\$18,710,528
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<u>PASSED THROUGH STATE WATER RESOURCES:</u>				
Local Oversight Program	66.806	08-008-250	\$980,210	\$798,744
CATALOG TOTAL			980,210	798,744

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
PASSED THROUGH STATE WATER RESOURCES:			980,210	\$798,744
TOTAL PASS THROUGH PROGRAMS:			\$980,210	\$798,744
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			\$980,210	\$798,744
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<u>DIRECT PROGRAMS:</u>				
Sacramento International Airport Closed Circuit Television				
	97. HSTS0407ACTO213	HSTS0407ACTO213	\$567,989	\$5,358
CATALOG TOTAL			567,989	5,358
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	383,628
CATALOG TOTAL			1,609,103	383,628
DIRECT PROGRAMS:			2,628,092	689,486

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
TOTAL DIRECT PROGRAMS:			\$2,628,092	\$689,486
<u>PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY</u>				
FY 2008 Emergency Management Performance Grant (EMPG)	97.042	2008-009	\$246,594	\$246,594
CATALOG TOTAL			246,594	246,594
FY 2006 State Homeland Security Grant Program (SHSGP)	97.067	2006-0071	1,360,757	554,026
FY 2006 Regional Terrorism Threat Assessment Center (RTTAC)	97.067	2006-0071	1,000,000	430,316
FY 2006 Law Enforcement Terrorism Prevention Program	97.067	2006-0071	1,056,291	66,084
FY 2006 Metropolitan Medical Response System (MMRS)	97.067	2006-0071	232,330	33,249
FY 2007 Regional Terrorism Threat Assessment Center (RTTAC)	97.067	2007-0008	1,000,000	677,964
FY 2007 Law Enforcement Terrorism Prevention Program	97.067	2007-0008	864,801	971,362
FY 2007 Metropolitan Medical Response System (MMRS)	97.067	2007-0008	258,145	128,809
FY 2008 Metropolitan Medical Response System (MMRS)	97.067	2008-0006	321,221	25,000
FY 2007 State Homeland Security Grant Program (SHSGP)	97.067	2007-0008	1,610,604	607,969
FY 2008 State Homeland Security Grant Program (SHSGP)	97.067	2008-0006	3,020,965	265,624
CATALOG TOTAL			10,725,114	3,760,403
FY 2006 Competitive Training Grants Program	97.068	2006-GT-T6-K006	3,291,338	777,264

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
CATALOG TOTAL			3,291,338	\$777,264
FY 2006 Buffer Zone Protection Program (BZPP)	97.078	2006-45	950,000	797,870
FY 2008 Buffer Zone Protection Program (BZPP)	97.078	2008-BZ-T8-0008	193,030	126,605
CATALOG TOTAL			1,143,030	924,475
PASSED THROUGH CALIFORNIA EMERGENCY MANAGEMENT AGENCY			15,406,076	5,708,736
TOTAL PASS THROUGH PROGRAMS:			\$15,406,076	\$5,708,736
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$18,034,168	\$6,398,222
<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	\$2,182,806
CATALOG TOTAL			4,046,270	2,182,806
DIRECT PROGRAMS:			4,046,270	2,182,806

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, 2009**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
TOTAL DIRECT PROGRAMS:			\$4,046,270	\$2,182,806
TOTAL U.S. DEPARTMENT OF BUSINESS & COMMERCE			\$4,046,270	\$2,182,806
<u>U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</u>				
<u>DIRECT PROGRAMS:</u>				
Central Valley CA High Intensity Drug Trafficking Area I	16.G09CV0002A	G09CV0002A	\$2,889,296	\$73,125
Central Valley CA High Intensity Drug Trafficking Area II	16.17PCV502Z	17PCV502Z	2,000,000	879,967
Central Valley CA High Intensity Drug Trafficking Area III	16.18PCVP502Z	18PCVP502Z	2,856,392	1,581,133
CATALOG TOTAL			7,745,688	2,534,225
DIRECT PROGRAMS:			7,745,688	2,534,225
TOTAL DIRECT PROGRAMS:			\$7,745,688	\$2,534,225
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY			\$7,745,688	\$2,534,225
TOTAL DIRECT PROGRAMS			\$98,928,304	\$40,261,769
TOTAL PASS THROUGH PROGRAMS			\$685,171,864	\$678,791,829
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$784,100,168	\$719,053,598

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, 2009

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards (SEFA) for the fiscal year ended June 30, 2009, 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.

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 - FOOD STAMPS

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

NOTE 5 - 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, 2009**

NOTE 6 - 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>
High Intensity Drug Trafficking Area	16.G09CV00002A	Central Valley CA High Intesity Drug Trafficking Area I	\$ 73,125
	16.17PCV502V	Central Valley CA High Intesity Drug Trafficking Area II	
	16.18PCVP502Z	Central Valley CA High Intesity Drug Trafficking Area III	1,584,133
County Community Development Block Grants/Entitlement Grants	14.218	Community Development Block Grant	879,987 1,233,992
Supportive Housing Program	14.235	AIDS Housing Alliance - Avalon (2)	40,042
	14.235	AIDS Housing Alliance/THP	73,662
	14.235	Friendship Housing	66,369
	14.235	Friendship Housing (2)	82,099
	14.235	Friendship Housing Expansion	188,193
	14.235	Friendship Housing Expansion (2)	45,962
	14.235	LSS- Adolfo PH Emancipated Youth	31,103
	14.235	LSS-Teen Trans Housing Connections	18,836
	14.235	LSS-Teen Trans Housing Connections (2)	212,662
	14.235	LSS-Trans Housing for Youth (2)	67,601
	14.235	LSS-Trans Housing for Youth	70,253
	14.235	LSS Adolfo Trans Houisng for Emancipated Youth	146,267
	14.235	LSS Building Bridges	228,523
	14.235	LSS Building Bridges (2)	87,995
	14.235	LSS Saybrook Apartments	183,398
	14.235	LSS Saybrook Apartments (2)	349,574
14.235	LSS Transitional Housing Program	172,177	
14.235	LSS Transitional Housing Program (2)	52,072	
14.235	LSS-Adolfo PH Emancipated Youth (2)	397,511	

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 6- 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	\$ 241,568
	14.235	MAAP - Casas de Esperanza (2)	79,624
	14.235	MAAP - Casas Serenes	226,756
	14.235	MAAP - Casas Serenes (2)	48,833
	14.235	MAAP - HEALTH Project	44,941
	14.235	MAAP - HEALTH Project (2)	250
	14.235	Mather Community Campus	249,623
	14.235	Mather Community Campus (2)	2,550,618
	14.235	McClellan Park	160,163
	14.235	McClellan Park (2)	90,498
	14.235	Mercy Housing Center - King Project	60,347
	14.235	NOVA House	37,834
	14.235	NOVA House (2)	69,635
	14.235	Omega Project	29,270
	14.235	Omega Project (2)	239,045
	14.235	Quinn Cottages	188,025
	14.235	Quinn Cottages (2)	127,326
	14.235	Resource For Independent Living	16,829
	14.235	Resource For Independent Living (2)	109,662
	14.235	Sacramento Children's Home Crisis Nursery	59,636
	14.235	Sacramento Children's Home Crisis Nursery (2)	152,704
	14.235	Shelter Plus Care - Shasta Hotel (18 Units)	18,683
	14.235	Shelter Plus Care - Shasta Hotel (18 Units) (2)	24,378
	14.235	Travelers Aid	25,639
	14.235	Travelers Aid (2)	354,808

**COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 6 - AMOUNT PROVIDED TO SUBRECIPIENTS (Continued)

<u>Program Name</u>	<u>CFDA #</u>	<u>Project Name</u>	<u>Amount</u>
Edward Byrned Memorial Justice Assistance Grant Program	16.738	Anti-Drug and Child Abuse Enforcement Team	\$ 612,216
Highway Planning and Construction	20.205	Safe, Accountable, Flexible, Efficient Transportation Equity	4,203
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Federal IDEA	1,800,000
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	A4AA Mental Health (Loneliness)	93
	93.044	A4AA SNS Transportation	70,783
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Projects for Assistance in Transition for Homelessness (PATH)	354,203
Abstinence Education Program	93.235	Community Challenge Grant	4,200
Immunization Grants	93.268	Immunization Assistance Program (IAP)	24,342
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	Public Health Preparedness & Response to Bioterrorism Program	96,145
Promoting Safe and Stable Families	93.556	Promoting Safe and Stable Families (PSSF)	98,866
Adoption Opportunities	93.652	Adoption Demo Project	77,000
Foster Care Title IV E	93.658	Child Welfare Services - Title IV E	726,319
	93.658	Foster Parent Training & Recruitment (AB 2129)	8,250

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 6 - AMOUNT PROVIDED TO SUBRECIPIENTS (Continued)

<u>Program Name</u>	<u>CFDA #</u>	<u>Project Name</u>	<u>Amount</u>
Medicaid Cluster	93.778	Alcohol & Drug Medi-Cal	\$ 4,406,528
	93.778	Alcohol & Drug Medi-Cal (ARRA)	1,010,578
	93.778	Medi-Cal Administrative Activities	1,368,000
National Bioterrorism Hospital Preparedness Program	93.889	Hospital Preparedness Program (HPP)	163,296
HIV Emergency Relief Project Grants	93.914	Minority AIDS Initiative Programs for Ryan White Part A	89,957
	93.914	Ryan White Part A	2,389,477
HIV Care Formula Grants	93.917	AIDS MG - Early Intervention (Fed HRSA RW Part B, MAI, CDC)	733,462
	93.917	Ryan White Part B	741,180
HIV Prevention Activities - Health Department Based	93.940	AIDS MG - HIV Education & Prevention	293,126
Block Grants for Community Mental Health Services	93.958	Substance Abuse & Mental Helath Services Administration (SAMHSA)	1,666,339
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Alcohol and Drug - Substance Abuse Prevention & Treatment	3,722,547
Emergency Management Performance Grants	97.042	FY 2008 Emergency Management Performance Grant (EMPG)	19,500
Homeland Security Grant Program Cluster	97.067	FY 2006 State Homeland Security Grant Program (SHSGP)	75,000
	97.067	FY 2007 Metropolitan Medical Response System (MMRS)	601,963
	97.067	FY 2007 State Homeland Security Grant Program (SHSGP)	679,097
Total:			\$ 33,443,903

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 7 - 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:

Program	CFDA#	Pass Through Agency	Amount
Supplemental Nutrition Assistance Program (SNAP)	10.551	State Department of Social Services	\$ 229,464,152
State Administrative Matching Grants for Food Stamp Program	10.561	State Department of Social Services	20,355,462
		SNAP Cluster Total	<u>\$ 249,819,614</u>
Investment for Public Works and Economic Facilities	11.300	N/A (direct program)	\$ 2,182,806
		Public Works and Economic Development Cluster	<u>\$ 2,182,806</u>
Community Development Block Grants/Entitlement Grants	14.218	State Department of Social Services	\$ 1,223,922
		CDBG - Entitlement Grants Cluster Total	<u>\$ 1,223,922</u>
Highway Planning and Construction	20.205	State Department of Transportation	\$ 11,369,810
		Highway Planning and Construction Cluster Total	<u>\$ 11,369,810</u>
State and Community Highway Safety	20.600	State Department of Transportation	\$ 285,413
		Highway Safety Cluster Total	<u>\$ 285,413</u>
Special Programs for the Aging -			
Title III, Part B - Grants for Supportive Services and Senior	93.044	Area 4 Agency on Aging	\$ 201,561
Title III, Part C - Nutrition Services	93.045	Area 4 Agency on Aging	1,753,488
Nutrition Services Incentive Program	93.053	Area 4 Agency on Aging	360,182
		Aging Cluster Total	<u>\$ 2,315,231</u>

**COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 7 - PROGRAM/CLUSTER TOTALS, (Continued)

Program	CFDA#	Pass Through Agency	Amount
Consolidated Health Centers	93.224	N/A (direct program)	\$ 618,682
ARRA - Health Center Integrated Services Development Initiative	93.703	N/A (direct program)	<u>14,100</u>
		Health Centers Cluster Total	<u>\$ 632,782</u>
Medical Assistance Program (Medicaid)	93.778	State Department of Social Services	\$ 47,589,021
	93.778	State Department of Alcohol & Drug	5,963,261
	93.778	State Department of Health Services	<u>3,719,037</u>
		Medicaid Cluster Total	<u>\$ 57,271,319</u>
Foster Grandparent Program	94.011	N/A (direct program)	\$ 449,795
Senior Companion Program	94.016	N/A (direct program)	<u>124,901</u>
		Foster Grandparent/Senior Companion Cluster Total	<u>\$ 574,696</u>
Homeland Security Grant Program	97.067	California Emergency Management Agency	\$ 3,760,403
		Homeland Security Cluster Total	<u>\$ 3,760,403</u>

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

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 not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	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, Adoption Assistance, 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
--	-----

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.551/10.561	SNAP Cluster
93.224/93.703	Health Centers Cluster
93.778	Medicaid Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.658	Foster Care (Title IV-E)
93.659	Adoption Assistance (Title IV-E)
14.235	Supportive Housing Program
20.106	Airport Improvement Program
97.067	Homeland Security Cluster

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, 2009**

II. FINANCIAL STATEMENT FINDINGS

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

FINDING 2009-01

LONG TERM FINANCIAL PLAN

Criteria:

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

Long-term financial planning combines financial forecasting with strategizing. It is a highly collaborative process that considers future scenarios and helps governments navigate challenges. Long-term financial planning works best as part of an overall strategic plan. Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables. Long-term financial planning is the process of aligning financial capacity with long-term service objectives. Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

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

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 \$128.7 million over the year ended June 30, 2009 resulting in an ending unreserved fund balance of negative \$41.5 million. It is also noted the County does not have a formal long-term financial plan and general fund unreserved fund balance policy.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Context:

The County did not reduce its current year expenditures sufficiently to meet its current year revenues and thus was required to use its existing fund balance to meet current year obligations.

Effect:

As a result of the deficit spending the County has negative fund balance in the General Fund.

Cause:

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

Recommendation:

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

View of responsible official and planned corrective action:

The County has used one-time funding sources to balance its budget. A significant source of this 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 Fiscal year 2009-2010 midyear expenditure reductions intended to carry forward into Fiscal year 2010-2011. These reductions totaled \$3.8 million. Midyear reductions were also made for Fiscal Year 2009-2010 funding shortfalls totaling \$9.9 million. The midyear reductions totaled \$13.7 million. These reductions included the elimination of 144.0 full-time equivalent positions in various departments.

The Fiscal year 2010-2011 budget is currently being developed with no one-time funding sources. The funding deficit is expected to be approximately \$125.0 million. This deficit is due to salary and labor increases included in employee representation unit contracts, loss of one-time funding sources from Fiscal Year 2009-2010, inter-fund transfer reimbursements, increased debt service on Pension Obligation Bonds and continued degradation of property tax revenues. The departments have been directed to reduce costs to match projected revenues. Those reductions will primarily be made through position elimination.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

The County has projected revenues and expenditures through Fiscal Year 2012-2013. Budget shortfalls are projected to be \$30.1 million in Fiscal Year 2011-2012 and \$18.4 million in Fiscal Year 2012-2013. 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.

The County intends to rebuild its unreserved fund balance through balanced budgeting. The Board recently adopted a Reserve Reinvestment Policy aimed at increasing reserves in an orderly and consistent manner as revenue expand beyond the current levels. The goal is to build undesignated reserves to ten percent of discretionary revenue.

Contact: Tom Burkart (916) 874-4627, Budget and Debt Management Office

FINDING 2009-02

PREPARATION OF THE FINANCIAL STATEMENTS

Criteria:

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

Condition:

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

Context:

The County could not provide resources to prepare the financial statements timely as a result of furloughs and reduced hours.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Effect:

The CAFR was not prepared in a timely manner and thus was not made available to the users of the financial statements.

Cause:

Due to the County's budget constraints, the CAFR was not completed in a timely manner.

Recommendation:

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

View of responsible official and planned corrective action:

Each year, the Department of Finance, Auditor-Controller (A/C) staff receive deadlines from the external auditors for deliverables. Once that information is received staff prepare a timeline which is followed to ensure that the financial statements will be completed on time. The financial statements are typically completed on or before December 31 each year. However, during the fiscal yr 2009-2010, staff were furloughed thus reducing the hours available for working on the financial statements. For the fiscal year ended June 30, 2010, A/C staff will determine any additional automation that could be implemented to assist in the preparation of the financial statements. The Department of Finance, Auditor-Controller Division will need to look at available resources within the A/C and possibly look at additional resources that are available within the County to assist in the preparation of the financial statements.

Contact: Julie Valverde (916)874-7248, Department of Finance

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

FINDING 2009-03

CUTOFF

Criteria:

In accordance with the County's year-end closing procedures, departments are instructed that it is their responsibility to process revenue accruals. The accrual criteria are: 1) the revenue must have been earned by June 30; 2) the revenue must be measurable; and 3) the revenue must be available and received during FY 2009-10.

Departments are also instructed that it is their responsibility to process their fiscal year end receipts for valuated purchase orders (only one account assignment) into the accounting system by June 30, thus creating expenditures and accrual postings. For non-valuated 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.

Condition Found:

During our revenues testing of intergovernmental revenues, we noted that realignment revenue accruals were based on projections that were significantly higher than actual transactions. This resulted in two audit adjustments of approximately \$17 million. Accrual basis of accounting requires that revenues be recorded as soon as they are both measureable and available.

While the County made significant improvements with its year end cut-off procedures over procedures, we noted the County's internal audit division identified approximately \$19.2M in unrecorded liabilities.

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.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Cause:

The County did not consistently apply its year-end closing procedures for cut-off.

Recommendation:

Although it is noted that formal written communication and training is provided on an annual basis by the Department of Finance (DOF)'s office to 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 auditors to perform testing procedures subsequent to the accounting year-end date to validate County departments' year-end estimates over expenditures.
- 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.

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.

View of responsible official and planned corrective action:

Department of Finance Auditor-Controller Division (A/C) staff is working with the County Executive's staff to develop additional procedures for accruals. For the fiscal year ended June 30, 2010, 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 have not been approved. These additional procedures will also be communicated to departments in the year end letter and related meetings.

Contact: Julie Valverde (916) 874-7248, Department of Finance

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

FINDING 2009-04

SUPERVISORY APPROVAL OF EMPLOYEE LABOR HOURS

Criteria:

Employee hours processed through the payroll system should be approved by an employee's supervisor. For the Airport Payroll system 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. The Airport Payroll System should maintain support evidencing the supervisor's online certification.

For other county departments, the supervisor's approval of an employee's time is evidenced through a sign off on the timesheet filled out by the employee. Evidence of the employee's preparation of the timesheet and approval from the employee's supervisor should be maintained.

Condition Found:

It was noted during testing of the Airport payroll system that the web based payroll system could only provide supervisor certifications for the pay period in progress. Due to a system flaw, the web based payroll system could not provide evidence of the supervisors' certification for prior pay periods.

In addition, two timesheets were found at DHA during testing that had been prepared and approved by the supervisor. Further, two timesheets were processed for DHHS that did not contain employee signatures.

Context:

The condition noted above was identified during our testing over the approval of payroll time processed. It was noted that the Airport maintained a separate web based payroll system.

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. In addition, DHA and DHHS could not provide evidence that the timesheet had been prepared by the employee and approved by the employee's supervisor. As such, the control environment is weakened.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Cause:

The Airport System's web based payroll system was not designed to generate and maintain reports identifying that supervisors certified the payroll. In addition, the County is not following its established policies and procedures to ensure that timesheets are prepared by the employee and approved by the employee's supervisor.

Recommendation:

We recommend that the Airport System, Department of Health and Human Services and Department of Human Assistance formalize policies and procedures to ensure that employee and supervisor certification of payroll time are maintained.

View of responsible official and planned corrective action:

Sacramento County Airport System Response:

The Airport System agrees with the finding that evidence of supervisor certifications of the payroll could not be provided due to a flaw in the web based payroll system's reporting capabilities. A report to correct this flaw was developed and implemented in August 2009. In addition, the Airport System will develop a more formalized policy to ensure that all supervisors certify the payroll.

The Airport System notes that according to the County Department of Personnel Services, which provided the payroll services for the Airport System during fiscal year 2009, procedures to ensure supervisor certifications were in place and followed.

Contact: Camelia Radulescu (916) 874-0779, Sacramento County Airport System

Department of Human Assistance Response:

The Department notes that both exceptions occurred during the period when time sheets and time studies were completed manually. On January 1st 2009, DHA implemented an integrated on-line Timesheet/Time Study Management Reporting System. This application allows employees to simultaneously complete their timesheet & time study data and electronically send them to the direct supervisor or delegate who may then approve on-line. Any changes made are re-approved, and Human Resources and the Financial Management claiming unit are automatically notified after approval of such amendments. We believe the new system and process has resolved the incidence of deficiencies noted above.

Contact: Nikki Sowunmi (916) 875-3630, Department of Human Assistance

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Department of Health and Human Services Response:

The Department of Health and Human Services will remind employees and supervisors of the importance of both signatures of the employee and supervisor. It is the department's policy that if an employee is unavailable the supervisor is to indicate that in the employee signature block. Supervisors will be reminded to note that an employee is unavailable and not to leave the signature blank.

Contact: Maryann Luke (916) 875-1976, Department of Health and Human Services

FINDING 2009-05

ANALYSIS OF TRUST FUNDS

Criteria:

All trust funds should be analyzed on an annual basis to ensure proper reporting in the annual financial statements in accordance with Generally Accepted Accounting Principles.

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.

Context:

The above was identified during our audit procedures over trust funds.

Effect:

Audit adjustments were proposed and posted to the County's financial statements.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Cause:

The County has not updated its analysis of all of its trust funds.

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 will be reviewing all of the trust funds for the fiscal year end June 30, 2010 reporting. We will contact departments 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: Julie Valverde (916) 874-7248, Department of Finance

FINDING 2009-06

RETROACTIVE INFRASTRUCTURE

Criteria:

Financial statements prepared in accordance with generally accepted accounting principles in the United States of America should report assets, liabilities, revenues and expenses of the entity in the period the underlying transactions occur or accrues to the entity.

Condition Found:

During testwork over capital assets, we noted the County recorded approximately \$485M in infrastructure during the current fiscal year. It is noted that the infrastructure recorded in the current year were required to be recorded in the financial statements as of June 30, 2006 in accordance with GASB 34. Based on inquiry with County management, the assets were never recorded in the CAFR. The recording of the infrastructure resulted in a restatement of the governmental activities net assets.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Context:

The condition noted above was identified during our testwork over capital assets.

Effect:

To correct this error, beginning governmental activities net assets were restated.

Cause:

The asset was not recorded on the CAFR in the proper period.

Recommendation:

The County should develop policies and procedures to ensure all infrastructure assets are recorded completely and accurately in accordance with GAAP.

View of responsible official and planned corrective action:

This was the result of a miscommunication and oversight by Department of Finance, Auditor-Controller (A/C) division. The work had been performed by Municipal Services Agency staff to determine the amount of infrastructure to record, but A/C did not record the addition of the infrastructure. A/C will work closely with departments to ensure that reconciliations submitted by the departments accurately reflect additions and retirements of capital assets.

Contact: Julie Valverde (916) 874-7248, Department of Finance

FINDING 2009-07

ACTUARIAL STUDIES - RISK MANAGEMENT

Criteria:

The County self insures for property damage, general liability, workers' compensation, unemployment, and dental insurance claims and is required to obtain actuarial valuations for estimated claim liabilities which include claims incurred but not reported.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

II. FINANCIAL STATEMENT FINDINGS, (Continued)

Condition Found:

During our testwork, it was noted that the County's Risk Management Department does not have formal policies and procedure to ensure that the information provided in the annual actuary reports agrees to the County's underlying supporting documentation. In addition, it was noted that the County is not using the most recent actuary report to record its claims liability at year-end in the annual financial statements.

Context:

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

Effect:

An adjustment was proposed to adjust the understatement to the liability balance.

Cause:

The County did not use the most recent actuary report to record its liability at year end.

Recommendation:

We recommend that the County implement policies and procedures to ensure that information provided to the actuarial firm is accurate. Further, VTD will recommend that the County use the most recent actuary report to record its liability.

View of responsible official and planned corrective action:

The Risk Management Department will implement procedures to ensure that the actuary report agrees to the County's supporting documentation. The Department of Personnel Services will also work with the actuary to obtain the actuary report before October so that the financial data provided to the Department of Finance for the financial statements will incorporate the latest actuary information.

Contact: Teresa Greenlee (916) 874-4483, Department of Personnel Services

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

FINDING 2009-08

Program: Supplemental Nutritional Assistance Program (SNAP) Cluster

CFDA No.: 10.551 and 10.561

Federal Agency: U.S. Department of Agriculture

Passed-through: California Department of Social Services

Award No.: N/A

Award Year: Fiscal Year 2008-2009

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

Criteria:

The *March 2009 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, we noted the following:

- 1 case where the DFA 285-A1 was not present in the file
- 5 cases where the recipient's social security information and income was not documented in the case file
- 4 cases where the form QR7 was not present in the case files

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Questioned Costs:

Our sample resulted in known questioned costs of \$9,185.

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 FY 2008-2009.

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 following its established policies and procedures to ensure that compliance requirements are met.

Recommendation:

We note that this is a repeat condition from the fiscal year 2008 Single Audit.

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.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

View of responsible officials and planned corrective action:

In August 2009, Sacramento County had just completed the implementation of Document Imaging for all of our offices that administer the Food Stamp program. It is our belief that most, if not all, of these findings were due to case records not being completely imaged at the time of the audit.

Reminders were issued to staff at Multi Program meetings and at the General Assistance/Food Stamp Program Specific Workgroup meetings. Program Specialist attended the CalWORKS/ Food Stamp Program Specific Workgroup meeting and shared the findings of the audit with those staff. Our Quality Assurance staff continue to review cases for accuracy, verification and documentation.

The files of the cited cases have been corrected, and the required documents and income information are now included in the case files. We continue to make improvements to our Document Imaging process, which we believe will improve our case file documentation and eligibility processing.

Most recently we have began a central imaging process for documents and verifications received on a daily basis. The worker is notified electronically that a document or verification has been received, thereby allowing the worker to immediately input this information into the CalWIN system.

Contact: Vicki O'Brien (916) 875-3745, Department of Human Assistance

FINDING 2009-09

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 2008-09

Compliance Requirement: Subrecipient Monitoring

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Criteria:

The *March 2009 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.
- *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.

The County has represented that the current monitoring procedures include annual site visits to ensure subrecipient compliance with subrecipient contracts. A site visit report is prepared at the conclusion of each site visit and approved by the program manager or designated individual. Also, an annual review of the financial statements is performed to ensure subrecipient compliance with fiscal policies. It was noted that this review is to be evidenced by the completion of an audit review checklist and approved by appropriate fiscal management.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - As a result of our audit during FY 2008-2009, we noted the following based on our testing performed over subrecipient monitoring:

- For 3 of the 8 subrecipient files tested, the site visit reports were not signed by the Program Monitor and Program Manager indicating approval.
- For 1 of the 8 subrecipient files tested, the County was unable to provide evidence of a receipt of corrective action related to the contract monitoring site visit performed.
- For 1 of the 8 subrecipient files tested, the County did not complete an audit review checklist to ensure compliance with fiscal monitoring requirements.
- For 1 of the 8 subrecipient files tested, the County did not obtain the single audit report

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Questioned Costs:

None

Context:

Through client inquiry and testwork 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 FY 2008-09.

Effect:

Without conducting timely fiscal and compliance monitoring visits, the risk of noncompliance with subrecipient monitoring compliance requirements exist.

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 2008 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. Also, we recommend the County ensure the receipt of appropriate corrective action on all audit findings.

View of responsible officials and planned corrective action:

The Alcohol and Drug Services Division has developed more a detailed policy and procedure with tightened timelines for the monitoring visits, written reports, and corrective action plans. There is a designated management staff for review and signature with a revised tracking tool. Contracts have been reassigned to specific staff with increased oversight.

Contact: Maria Morfin (916) 875-2055, Department of Health and Human Services

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-10

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 2008-09

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 FY 2008-09, of the seven vendor files selected for testing, we noted six instances where 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 only 1 of the 7 contracts selected for testing had been awarded 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, 2009**

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 years 2007 and 2008 Single Audits.

We noted the department implemented procedures pertaining to a competitive procurement process for contracts beginning during the FY 2008-2009 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:

Due to loss of staff, reassignment of Department-wide staff, and length of time necessary to implement the competitive procurement process, we were unable to implement this requirement for the 2008-2009 Fiscal Year. We are developing a Division policy based on the Department policy, and are gathering the information, staff, and other participants to implement the process effective immediately after the beginning of the fiscal year. It is estimated that the process will take approximately six months, and the results of the procurement will be in effect in January of 2011. The SAPT Block Grant Prevention and Treatment funding will be allocated for a period of three years, beginning on July 1, 2011, and ending on June 30, 2014.

Contact: Maria Morfin (916) 875-2055, Department of Health and Human Services

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-11

Program: Supportive Housing Program

CFDA No.: 14.235

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

Passed-through: N/A

Award No.: N/A

Award Year: Fiscal Year 2008-2009

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2009 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.
- *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.

The pass-through entity should monitor the subrecipients' activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with the federal requirements.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Condition Found:

Material Weakness, Material Instance of Non-Compliance - As a result of our review of 12 randomly chosen subrecipient contracts in FY 2008-2009, we noted the following regarding subrecipient monitoring:

- For 11 of 12 subrecipients tested, the County did not perform a program monitoring site visit during the FY 2008-2009.
- For 12 of 12 subrecipients tested, the County did not complete a site visit monitoring report during the FY 2008-2009.
- For 6 of 12 subrecipients tested, the County did not complete a fiscal monitoring review in the FY 2008-2009.
- 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 \$1,942,100 in FY 2009, 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 FY 2008-2009 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.

Cause:

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

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Recommendation:

We note that this is a repeat condition from the fiscal years 2004, 2005, 2007, 2007 and 2008 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 officials and planned corrective action:

With respect to the first bullet, we did complete program monitoring site visits for 1 of 12 subrecipients tested or approximately 8% of the subrecipients tested. In the prior Single Audit Report for FY 2007-2008, in 9 of 10 subrecipients tested, the County did not perform a program monitoring visit during the fiscal year 2007-2008. For FY 2007-2008, the Department only completed one program monitoring visit of our 12 subrecipients tested or approximately 8% of the subrecipients tested. For FY 2009-2010 our goal will be complete program monitoring visits for 100% of the subrecipients that may be tested. The improvement from FY2007-2008 to FY 2008-2009 should be noted. The Department did attempt to correct this condition.

With respect to the second bullet, we did perform program monitoring site visits for approximately 8% of the subrecipients tested. For FY 2009-2010 our goal will be to complete site visit monitoring *reports* for 100% of the subrecipients that may be tested.

With respect to the third bullet, the Department completed 21 fiscal monitoring visits during FY 2008-2009. This is roughly equivalent to one fiscal monitoring visit every 2 ½ weeks. In the FY 2007-2008, for 8 of 10 subrecipients tested, the County did not complete a site visit monitoring report. During 2007-2008, the Department completed 25 fiscal monitoring visits. For FY 2007-2008, the Department only completed 20% (2 of 10) of the fiscal monitoring reviews of the subrecipients tested. For FY 2008-2009, the Department completed 50% (6 of 12) of the fiscal monitoring reviews of the subrecipients tested. Although the Department did not complete 50% of the fiscal monitoring reviews of the subrecipients tested, the improvement from FY 2007-2008 to FY 2008-2009 should be noted (20% to 50%). The Department did attempt to correct this condition.

With respect to the fourth bullet, the Department did review 6 of 12 subrecipients tested the appropriate single audit reports for 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). In the prior year's condition 10 of 10 subrecipients the Department did not review the single audits 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). The Department did show an improvement in this area from 0% (FY 2007-2008) to 50% (FY 2008-2009), so the Department did attempt to correct this condition.

Contact: Greg Jacobs (916) 875-3558, Department of Human Assistance

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-12

Program: Supportive Housing Program

CFDA No.: 14.235

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

Passed-through: N/A

Award No.: N/A

Award Year: Fiscal Year 2008-2009

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.

The *March 2009 OMB Circular A-133 Compliance Supplement* also requires that procurements awarded by noncompetitive negotiation may require prior approval from the Federal awarding agency.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - Through our review of 21 randomly selected contracts procured during FY 2008-2009, we noted that in 9 of 21 cases, the County awarded the contract to the vendor without receiving a minimum of 3 bids in each of the RFP.

No additional written sole-source justifications were filed by the County to quantify the awarding.

Questioned Costs:

None

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

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:

Unfair and imprudent allotment of public procurement contracts to vendors or subrecipients without sole-source justification in a non-competitive bidding situation could negatively impact the program performance; and increase the risk of poor service quality and avoidable excessive spending.

Cause:

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

Recommendation:

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.

View of responsible officials and planned corrective action:

In the "Condition" noted above of the nine (9) contracts mentioned, five (5) of these contracts were three year contracts (i.e., Sacramento Area Emergency Housing Center-Mather Support Services fax Families, Volunteers of America-Mather Housing Specialist, PRIDE Industries- Mather Maintenance Services & Training, Sacramento Area Emergency Housing Center-Mather Children's Services, & Volunteers of America-Mather Security Monitoring for Singles.)

Regarding the above five (5) contacts, all were completed through the County's Request For Proposal (RFP) Process. The auditor was shown the documentation which included the RFP, the proposals, the ranking scores, and the Board Letter to the Supervisors listing the subrecipients and funding awarded. The auditor stated that he was aware that these are existing 3 year contracts, and that no additional documentation was done after the finding from last year, that was not formally documented to DHA in the Single Audit, but rather the auditor verbally communicated this to DHA staff, thus the finding gets carried over. The County will implement the procurement process for SHP funding for the 2010-2011 Fiscal Year and will follow Federal procurement compliance requirements for the selection of subrecipients. The County will ensure that all federal audit requirements are met in the future. The Contract Manager of the Department of Human Assistance will ensure that the proper federal requirements are met and that the proper documentation is met.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

The other four (4) contracts in the "Condition" note above of the nine (9) contracts mentioned, four (4) of these contracts were renewals (i.e., Volunteers of America-Mather Transportation Services, PRIDE Industries-Mather Janitorial Services & Training, PRIDE Industries-Mather Landscape Services & Training; & Volunteers of America-Mother Drug Testing.

The auditor stated that for the contracts that were renewed in the current year, they still lack any additional justification for not going out for competitive bidding. The auditor also stated that sufficient approval at the County level was obtained, but that in order to be in compliance with specific Federal OMB Circular A- 133 requirements on procurement, there must be additional documentation filed in the form of sole-source justifications stating the reasons for avoiding a competitive bidding scenario.

The County will implement the procurement process for SHP funding for the 2010-2011 Fiscal Year and will follow Federal procurement compliance requirements for the selection of subrecipients. The County will ensure that all federal audit requirements are met in the future. The Contract Manager of the Department of Human Assistance will ensure that the proper federal requirements are met and that the proper documentation is met.

Contact: Greg Jacobs (916) 885-3558, Department of Human Assistance

FINDING 2009-13

Program: Temporary Assistance for Needy Families (TANF)

CFDA No.: 93.558

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

Passed-through: California Department of Social Services

Award No.: N/A

Awarded Year: 2008-2009

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, 2009**

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

Condition Found:

Instance of Non-Compliance - During our testing of eligibility, we noted two instances out of sixty case files tested where the Statement of Facts (SAWS) was missing to indicate certification of the information provided.

Questioned Costs:

None

Context:

The condition is primarily caused by the County not following its established policies and procedures to ensure that compliance requirements are met.

Effect:

When the SAWS2 form is missing, there is no certification by the participant that information provided on the form is accurate and complete which may result in the County providing aid to ineligible participants.

Cause:

The condition is primarily caused by the County not following its established policies and procedures to ensure that compliance requirements are met.

Recommendation:

We recommend that the County enforce their procedures to ensure that all required forms are in the case management file prior to granting aid.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

View of responsible officials and planned corrective action:

Staff completes the annual redetermination for CalWORKs benefits through an interactive interview with the recipient. During this interview, information obtained from the recipient is entered into our automated eligibility system, CalWIN. The client interview questions are determined by the system based upon the program that is being reviewed. When the interactive interview is complete, the Human Services Specialist (HSS) should print a copy of the completed form and obtain a signature from the client to confirm the accuracy of the collected data. The printed and signed paper copy should then be electronically stored.

In each of the cited cases, there is evidence in CalWIN that the annual redeterminations interviews were completed; however, it appears that the HSS did not obtain a signed copy of the completed form. Staff will be reminded of the proper procedure in multiple setting, during our CalWORKs Division Meeting, CalWIN CalWORKs User Group Meetings, and Multi-program meetings. A written update will also be provided to CalWORKs staff regarding FY 2008-2009 Audit Reminder Updates.

Contact: Venus Guido (916) 875-4476, Department of Human Assistance

FINDING 2009-14

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 No.: N/A

Award Year: Fiscal Year 2008-2009

Compliance Requirement: Eligibility

Criteria:

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 with program participants 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, 2009**

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

Condition Found:

Material Weakness, Material Instance of Non-Compliance - During the annual redetermination of program eligibility, the recipient is contacted via phone/mail to inform her/him that a face to face visit is necessary (reassessment) in order to continue receiving benefits. The County performs and documents the reassessment through the use of the "In-Home Support Services Assessment Form" (SAS 293A), which provides the County with updated information used to assist the County with program eligibility redetermination. The supervisor will review the reassessment and sign off prior to approval for services. Of the 60 cases selected for test work, we noted 35 cases where the completion of the SAS 293A form was performed untimely and six cases where the completion of the SAS 293A was not performed.

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:

Through inquiry and testwork of specific requirements related to eligibility, it was noted that the Medicaid Cluster - In-Home Supportive Service programs participants were not properly recertified during FY 2008-2009.

Recommendation:

This is a repeat condition from the fiscal year 2008 Single Audit.

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 adhered to by County personnel. This will ensure the accuracy of the participant data and that eligibility determinations are supported by proper documentation in the participant file.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

View of responsible officials and planned corrective action:

Staff is aware of the state regulatory requirements and Sacramento County has formal policies and procedures in place supporting the annual reassessment of recipients in the program. Although the County continues to actively work toward reducing the number of cases overdue for renewal, budget constraints at the state and local level have impacted our ability to be successful. Sacramento County keeps the State apprised on a quarterly basis of the overdue renewal rate and no sanctions have been levied to date.

Contact: Guy Klopp (916) 874-2695, Department of Health and Human Services

FINDING 2009-15

Program: Medicaid Cluster - In-Home Supportive Service
CFDA No.: 93.778
Federal Agency: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award No.: N/A
Award Year: FY 2008-2009
Compliance Requirement: Allowable Costs and Activities

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

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

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Condition Found:

Significant Deficiency, Instance of Non-Compliance -

County Department of Health and Human Services –

Of the 60 employee time study transactions selected from the quarterly time study reports prepared by the County's Department of Health and Human Services, we noted 5 tested whereby the employees reported time study hours did not agree to the quarterly time study database summary. We also noted 14 employees timesheet hours reported did not agree to the time study.

Questioned Costs:

Our sample resulted in question costs of \$6,970.

Context:

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

Effect:

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

Cause:

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

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Recommendation:

We noted this is a repeat condition from the fiscal year 2008 Single Audit.

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

View of responsible officials and planned corrective action:

The division has implemented policies and procedures to minimize discrepancies between time study hours recorded and payroll time sheets as a result of the 2007-2008 Single Audit Findings. The changes implemented have resulted in an improvement, reducing the number of finding by almost half. While the changes implemented have reduced discrepancies between the time study and payroll records, the implemented changes have not been fully satisfactory. Acknowledging this fact, the Division is moving forward to pilot an automated time study and payroll system that is currently in place in the County's Department of Human Assistance.

Contact: Joan Klint (916) 874-9613, Department of Health and Human Services

FINDING 2009-16

Program: Medicaid Cluster – Alcohol and Drug Program

CFDA No.: 93.778

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 2008-2009

Compliance Requirement: Subrecipient Monitoring

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Criteria:

The *March 2009 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. Ensuring the subrecipient's are claiming expenditures in a timely basis.
- *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 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.

The County has represented that the current monitoring procedures include annual site visits to ensure subrecipient compliance with subrecipient contracts. A site visit report is prepared at the conclusion of each visit and approved by the program manager or designated individual. Also, an annual review of financial statements is performed to ensure subrecipient compliance with fiscal policies. It was noted that this review is evidenced by the completion of an audit review checklist and approved by appropriate fiscal management.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - As a result of our audit during FY 2008-2009, we noted the following based on our testing performed over subrecipient monitoring:

- For 1 of 7 subrecipients tested, it was noted that the County did perform a contract monitoring site visit however, the site visit report did not contain program monitor approval.
- For 1 of 7 subrecipients tested, the County was unable to provide evidence of a receipt of corrective action related to the contract monitoring site visit performed.
- For 4 of 7 subrecipients tested, it was noted the County did not conduct annual fiscal monitoring procedures.
- For 1 of the 7 subrecipients tested, it was noted that the single audit report had not been obtained by the County.

Questioned Costs:

None

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Context:

Through client inquiry and testwork of specific requirements related to subrecipient monitoring, it was noted that the Medi-Cal Alcohol and Drug program's subrecipients were not monitored in accordance with OMB A-133 compliance requirements during FY 2008-2009.

Effect:

Without conducting complete and timely fiscal and compliance monitoring visits, the risk of unallowable cost/activities and non-compliance exists.

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 procedures and reporting due to staff turnover.

Recommendation:

We note that this is a repeat condition from the fiscal year 2008 Single Audit.

We recommend that the County implement stronger internal controls, to ensure subrecipient contract monitoring site visits and related reports are performed and prepared in a timely basis. In addition, all reports and checklists should be completed and properly approved and reviewed. Also, we recommend the County ensure the receipt of appropriate corrective action on all subrecipient audit findings.

View of responsible officials and planned corrective action:

The Sacramento County Alcohol and Drug Services Division has developed a more detailed policy and procedure with tightened timelines for the monitoring visits, written reports, and corrective action plans. There is a designated management staff for review and signature with a revised tracking tool. Contracts have been reassigned to specific staff with increased oversight.

Contact: Maria Morfin (916) 875-2055, Department of Health and Human Services

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-17

Program: Medical Assistance Program

CFDA No.: 93.778

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

Passed-through: California Department of Health Services

Award No.: N/A

Award Year: Fiscal year 2008-2009

Compliance Requirement: Eligibility

Questioned Costs: \$0

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)

Condition Found:

Significant Deficiency - 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 certification process in order to 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), which 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-determine 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.

Of the 60 cases selected, we noted the following:

- 1 applicant was missing the RVSD MC -210 for redetermination of eligibility
- 1 applicant was missing the MSR: MC-176S for Mid Status Report
- 10 applicant were missing the Notice of Action
- 1 applicant was missing the social security information, verification of income, proof of identity, proof of residency, proof of property, current status (example: unemployment, death, pregnancy, etc.), declaration of residency MC-210 (SAW1, MC-262, SAW2), and MC-13 Statement of citizenship
- 4 applicants were missing MC-322/MC-210PS Property Supplement

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Questioned Costs:

None

Context:

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

Effect:

Case data may not be current in the case file or the system, which could lead to initial and continuation eligibility errors. 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 and increased error rates for the County. This situation could also result in potential fines from the State of California for excessive error rate percentages.

Cause:

Medicaid Cluster – IHSS program participants were not properly recertified during FY 2009.

Recommendation:

We recommend that the County clarify 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.

Views of responsible officials and planned corrective actions:

Sacramento County has completed the process of imaging all active Medi-Cal case files and now stores records electronically. All case documentation will be maintained in an electronic case file. This should resolve concerns regarding documents and forms not being found in the paper case folder.

All issues of case files not containing MC 13, Approval Notices, Property Supplement, Complete Application and Verification, MSR and RRR's will be discussed at the next mandatory Medi-Cal Staff meeting which is held quarterly. Staff will be issued a reminder notice of the importance of ensuring that documentation is on file.

Heidi Kerhulas (916) 874-7932, Department of Human Assistance

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-18

Program: Foster Care
CFDA No.: 93.658
Federal Agency: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award No.: N/A
Award Year: FY 2008-2009
Compliance Requirement: Allowable Costs and Activities

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

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

Condition Found:

Significant Deficiency, Instance of Non-Compliance

County Department of Health and Human Services

Of the 60 employee time study transactions selected from the quarterly time study reports, we noted one tested whereby the employee reported time study hours did not agree to the quarterly time study database summary. We also noted ten employees timesheet hours reported did not agree to the time study.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

County Department of Human Assistance

Of the 120 employee time study transactions selected from the quarterly time study reports, we noted one tested whereby the hours charged on the employees' time card did not agree to the quarterly time study summary reports. We also noted one timesheets were not signed and approved by a supervisor.

Questioned Costs:

None

Context:

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

Effect:

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

Cause:

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

Recommendation:

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

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

View of responsible officials and planned corrective action:

Department of Health and Human Services

The division has implemented policies and procedures to minimize discrepancies between time study hours recorded and payroll time sheets as a result of the 2007-2008 Single Audit Findings. The changes implemented have resulted in major improvement, reducing the number of findings from eleven in December quarter to zero in June quarter in 2008-2009. While the changes implemented have proven to have reduced the discrepancies between the time study and payroll records in our division, our department is pursuing further measures to improve the process for all divisions. The department is moving forward to pilot an automated time study and payroll system that is currently in place in the County's Department of Human Assistance.

Contact: Hermia Chow (916) 875-0173

Department of Human Assistance

The Department notes that both exceptions occurred during the period when time sheets and time studies were completed manually. On January 1st 2009, DHA implemented an integrated on-line Timesheet/Time Study Management Reporting System. This application allows employees to simultaneously complete their timesheet & time study data and electronically send them to the direct supervisor or delegate who may then approve on-line. Any changes made are re-approved, and Human Resources and the Financial Management claiming unit are automatically notified after approval of such amendments. We believe the new system and process has resolved the incidence of deficiencies noted above.

Contact: Nikki Sowunmi (916) 875-3630

FINDING 2009-19

Federal Program: Foster Care

CFDA No.: 93.658

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

Passed-Through: California Department of Social Services

Award No.: N/A

Award Year: FY 2008-2009

Compliance Requirement: Eligibility

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Criteria:

The *March 2009 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, 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:

Significant deficiency – As a result of our eligibility testing of 60 Foster Care case files, we noted that:

- 1 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 where the rates paid did not agree to the state approved rates
- 1 case file was missing the FC2 form
- 2 case files were missing the FC3A form
- 1 case file was missing the SAWS1 form

Questioned Costs:

Our sample resulted in question costs of \$789.

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 FY 2008-2009.

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. The County also implemented a new document imaging system in 2009, which may have contributed to the missing documentation.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Cause:

The condition is primarily caused by the lack of oversight within the eligibility division to ensure that compliance requirements are fully met.

Recommendation:

We noted this is a repeat condition from the fiscal year 2008 Single Audit.

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.

Views of responsible officials and planned corrective actions:

Sacramento County acknowledges that there are occasional instances where forms and/or documents are missing from the foster care case files. To remedy this issue, DHA uses a mandatory checklist for Foster Care case work. This form is used by both intake workers at the time a case is transferred and by continuing workers when receiving a case, to verify that required documents are in the case record. Thus, each case is reviewed twice by two separate employees. This checklist was recently updated by a program workgroup. Supervisors will arrange training for all staff on the proper use of this updated checklist and the need to ensure that all required documents are in the case file.

Completion of the forms for the Foster Care Program is a collaborative effort between both DHA and the Department of Health and Human Services (DHHS). Both departments have revised and implemented procedures that emphasize the mandate to provide all forms and documents necessary to meet the program requirements. In addition, administrative staff from both departments meet monthly to review any problems or issues related to compliance with program requirements.

Further, DHA has recently implemented a document imaging system called FileNet to electronically store all documents. This has greatly reduced the possibility of misplacing necessary forms and documents.

Contact: Kim Nassirian (916) 875-5648, Department of Human Assistance

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-20

Federal Program: Adoption Assistance

CFDA No.:93.659

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

Passed-Through: California Department of Social Services

Award No.: N/A

Award Year: FY 2008-2009

Compliance Requirement: Eligibility

Criteria:

The *March 2009 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 of 60 Adoption Assistance case files, we noted that:

- 1 case file was missing the AAP2 form
- 1 case files were missing the AAP3 form
- 2 case files were missing the AAP4 form
- 1 case file was missing the AD4320 form
- 3 case files were missing the FC3 form
- 1 case file was missing the FC10 form
- 4 case files were missing the Notice of Action form
- 1 case files were missing the Higher Rate Justification Form

Question Cost:

Our sample resulted in question costs of \$8,967.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Context:

Through 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 FY 2008-2009.

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 lack of oversight within the eligibility division to ensure that compliance requirements are fully met. The County also implemented a new imaging system in 2009, which may have contributed to the missing documentation.

Recommendation:

We noted this is a repeat condition from the fiscal year 2008 Single Audit.

We recommend that the County strengthen their procedures to ensure that documentation required to support eligibility is properly maintained in the files, judicial determination is properly documented, and rates paid agree to the state rates.

View of responsible officials and planned corrective action:

It is noted that there were missing forms from some of the AAP files. During this time period, DHA was sending the renewal paperwork to the AAP parents. DHHS has since taken this responsibility back and the renewal process has improved greatly.

Completion of the forms for Adoption Assistance is a collaborative effort between DHA and DHHS. Both departments have implemented and updated procedures that emphasize the requirement to provide all forms and court documents necessary to complete the program requirements. In addition, both departments meet monthly to review any problems or issues related to compliance with program requirements.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Sacramento County currently has several policies and procedures in place to ensure that all necessary documents are included in the case records. Sacramento County has a checklist for continuing AAP cases, which was recently updated by a program workgroup. Supervisors will arrange training for staff about the use of this updated checklist and the need to ensure that all required documents are in the case file.

Further, DHA has recently implemented a document imaging system called FileNet to store all documents electronically, therefore greatly reducing the chance for misplaced documents.

Contact: Kim Nassirian (916) 875-5648, Department of Human Assistance

FINDING 2009-21

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

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2009 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.
- *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

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Condition Found:

Significant Deficiency, Instance of Non-Compliance - As a result of our audit during FY 2008-2009, we noted the following based on our testing performed over subrecipient monitoring:

- For 3 of the 3 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.
- For 2 of the 3 subrecipient files tested, the County did not perform an on-site visit to monitor the subrecipient
- The County did not obtain the single audit reports from the pass through agencies

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 FY 2008-2009.

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. Additionally, the Single Audit reports were not obtained for all of the County's subrecipients that were subject to the single audit requirement. Further, without conducting timely compliance monitoring visits, the risk of noncompliance with subrecipient monitoring compliance requirements exist.

Cause:

The County was unable to ensure compliance with Federal requirements over subrecipient monitoring due to staffing shortages.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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. 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:

Sacramento Office of Emergency Services (Sac OES) has provided *every* sub-recipient agency with a grant binder that includes the federal grant financial guide, OMB Circulars and other regulatory documents. Each Sub-Recipient was either visited in person, or attended a grant orientation meeting, wherein the fact that this funding is federal in origin was discussed at length. We acknowledge that the language was not fully included in our award letters to Sub-Recipients.

During the audit the central issue was that while we perform regular desk auditing, we were not ensuring that the Sub-Recipient vendors were being paid, or paid timely. We do perform on-site monitoring, typically after the project is complete – since we are continually desk monitoring our sub-recipients.

With current staffing levels and budgetary considerations, we do not have the ability to do the level of auditing required to determine whether a Sub-Recipient has a requirement to perform an annual Single Audit.

Sacramento OES will implement the following:

1. Include language in all future award letters to Sub-Recipients that:
 - o Identifies the CFDA title and number, award name and name of Federal agency.
2. We will continue to provide copies of federal grant guidance and regulations to each sub-recipient, using electronic media to comply with the County's paperwork reduction policy.
3. We will spot check sub-recipients during the grant to request proof of vendor payment.
4. In future award letters we will include language that:
 - o States the requirement to provide a Single Audit Report to our office by April 15th of each year if they receive \$500,000 or more in federal funding annually.
5. We will also initiate an annual review of the website "Harvester.census.gov" where all Single Audit Reports are uploaded to check Sub-Recipient compliance.

Contact: Tami Randolph (916) 874-4674, Sacramento County Office of Emergency Services

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-22

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

Compliance Requirement: Reporting

Criteria:

In accordance with OMB Circular A-133, the objectives of internal control pertaining to the compliance requirements for Federal Programs (Internal Control over Federal Programs), as found in Subpart A, Section 105 of OMB Circular A-133, state that transactions are to be properly recorded and accounted to:

- Permit the preparation of reliable financial statements and Federal reports;
- Maintain accountability over assets; and
- Demonstrate compliance with laws, regulations, and other compliance requirements

Further, Generally Accepted Accounting Principles (GAAP) states that under accrual accounting, expenses are recognized as soon as incurred regardless of the timing of the related cash flows.

Condition:

Significant Deficiency – We noted that approximately \$95K reported on the current year SEFA were actually for expenditures incurred during FY 2008. We noted that amounts should be reported on the SEFA during the year that the expenditures were incurred in accordance with OMB A-133 and GAAP.

Questioned Costs:

None

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Context:

The County was the recipient of four Homeland Security Grant Awards during FY 2009.

Effect:

As a result of the subrecipients not submitting their invoices to the County on a timely basis, the SEFA was not prepared in accordance with OMB A-133 and GAAP.

Cause:

The County's Office of Emergency Services (OES) has been designated as the central reporting agent for the Homeland Security Grant. Annually, the County's OES provides the total Homeland Security Grant expenditures reported in the County's SEFA. Invoices not received prior to fiscal year end closing were not reported on the SEFA for the fiscal year end.

Recommendation:

We recommend that the County improve the monitoring of actual expenditures incurred (direct costs and subrecipient costs) and the timeliness of subrecipients' submission of requests for cost reimbursement in an effort to accurately capture expenditures in the SEFA during the fiscal year the underlying service was performed.

View of responsible officials and planned corrective action:

We encourage each sub-recipient including county departments' to submit timely claims in the correct fiscal year. There are some unavoidable impediments to this process. We do not know what has been expended by a Sub-Recipient until they claim reimbursement.

Sacramento OES will implement the following:

1. Include language in future Sub-Recipient approval letters stating the Sub-Recipient is responsible to ensure timely claims of all grant approved expenditures, and that claiming of expenditures may not cross fiscal years.
2. Continue with policy implemented FY 2008-2009 wherein each county Sub-Recipient shall complete their own SEFA for Homeland Security Grants and forward it to our office to be incorporated into the over-all report for each program. County Sub-Recipients will be instructed to include all expenditures and use the "Adjustment" lines on SEFA form B to explain any differences with COMPASS reports.

Contact: Tami Randolph (916) 874-4674, Sacramento County Office of Emergency Services

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

FINDING 2009-23

Program: Airport Improvement Program

CFDA No.: 20.106

Federal Agency: U.S. Department of Transportation - Federal Aviation Administration (FAA)

Passed-through: N/A

Award No: AIP 3-06-0204-43, AIP 3-06-0363-12

Award Year: Fiscal Year 2008-09

Compliance Requirement: Davis-Bacon Act

Criteria:

The *June 2009 OMB Circular A-133 Compliance Supplement* requirements for the Davis-Bacon Act state that when required by the Davis-Bacon Act, the Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, ARRA, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL.

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

Condition:

Significant Deficiency – Instance of Non-Compliance – During our testing of the Davis-Bacon Act compliance requirements for FY 2008-2009, we noted \$835,355 in labor costs for construction projects were not monitored for compliance with the Davis-Bacon Act. We noted the Sacramento County Airport System utilizes the County Labor Compliance Division (a separate County department) to monitor its contractors for the requirements of the Davis-Bacon Act. There were instances where job order contractors were used for projects federally funded. When the task orders were assigned for job order contractors the County Labor Compliance Division was not informed of the construction work being performed, which lead to no labor compliance procedures being performed over those projects. As a result, we noted the County did not collect the certified payrolls weekly as required by federal regulation 29 CFR part 5.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Questioned Costs:

None

Context:

Through testwork of labor compliance files for federally funded construction projects we noted a breakdown in communication between the Sacramento County Airport System and the Labor Compliance Division led to contractor's payroll not being reviewed for compliance with the Davis-Bacon Act.

Effect:

The County appears be out of compliance with federal requirements to monitor for compliance with the Davis-Bacon Act on its Airport Improvement Program construction projects.

Cause:

The County's policies and procedures that are in place to ensure labor compliance procedures are performed for job order contractors were not followed.

Recommendation:

We recommend that the County implement effective internal controls over monitoring the submission of the required weekly certified payrolls to ensure the timely submission and internal review of those submissions, related to all construction contracts and subcontracts greater than \$2,000 that are covered by the Davis-Bacon Act. We also recommend the County reexamine its policies and procedures over the use of JOC providers on federally funded projects to ensure policies and procedures are strictly adhered to by County personnel.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

View of responsible officials and planned corrective action:

The Airport System agrees with the finding that County could not provide certified payroll documentation for certain federally funded projects in regard to \$835,355 of \$7,744,791 federal expenses in FY 2009. The requirement to submit certified payroll documentation was included in the general conditions of the contracts in question. The lack of communication between the project manager and the Labor Compliance Division related to certain task orders caused the delay in submitting the required payroll documentation.

Our understanding is that, recently, the payroll documentation for these projects has been made available to the external auditors. The Airport System will work with the various County departments involved in managing construction projects to update procedures on how to administer JOC contracts with federal funding and the overall level of service required from each department on these type of contracts to ensure compliance with federal regulations.

Contact: Camelia Radulescu (916) 874-0779, Sacramento County Airport System

FINDING 2009-24

Program: Consolidated Health Centers – Health Care for the Homeless

CFDA No.: 93.224/93.703

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

Passed-through: N/A

Award No.: N/A

Awarded Year: Fiscal Year 2008-2009

Compliance Requirement: Eligibility

Criteria:

The County of Sacramento policies and procedures indicates that eligibility is assessed for homelessness during every encounter to determine if the individual is living in a group housing, staying with a friend/ shelter, or sleeping in the car, etc. The policy indicates that each assessment must include a ‘Visiting Request Form’ and an ‘Encounter Form’ in order to determine eligibility.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

Condition Found:

Instance of Non-Compliance – As a result of our testwork over eligibility, we noted 2 cases where the Visiting Request Form was not present in the file and 11 cases where the Encounter Form indicating the patient’s homelessness “C1” status were not present in the file.

For the exceptions noted, the County was unable to identify whether the individuals were homeless.

Question Costs:

None

Context:

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

Effect:

Lack of supporting documentation for ongoing eligibility determinations could lead to ineligible individuals receiving patient care service benefits.

Cause:

Through client inquiry and testwork of specific requirements related to eligibility, the County could not provide documentation to support program eligibility.

Recommendation:

We recommend that the County establish stronger internal controls to ensure documentation is maintained to support program participants’ homeless status.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

View of responsible officials and planned corrective action:

Determining Eligibility for Homelessness

We intend to establish stronger internal controls over the process for determining and documenting client eligibility due to homelessness. Currently, this eligibility is determined by patient self-report, either by interview or through survey. Our plan of correction will include new procedures for both the frequency of gathering the information, as well as the procedure for documenting eligibility. Leadership from DHHS Program, IT, and Fiscal have established a workgroup for the development of this new procedure, and intend to refine processes and codify these in a Policy and Procedure by April 1, 2010.

Maintenance of Eligibility files for Homelessness

We intend to establish stronger internal controls over the process for maintaining files that documents eligibility for homelessness. Currently, this maintenance depends on either an encounter form document (evidence of an interview) or a written survey included in the client chart. Our plan of correction will include new procedures whereby eligibility is maintained in the appropriate files within the AS400 along with other relevant data on client income, family size and payer source. Leadership from DHHS Program, IT, and Fiscal have established a workgroup for the determining the best process for maintaining eligibility information. By April 1, 2010 the corrected process for maintaining eligibility files will be codified in a Policy and Procedure.

As these new procedures are developed, they will be incorporated into DHS new Electronic Medical Record system (EMR). EMR implementation is currently underway and the leadership group noted above will ensure that EMR appropriately links eligibility information, services delivered and claims submitted for payment.

Contact: Marcia Jo (916) 874-9992, Department of Health and Human Services

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

Finding No.	Program	CFDA No.	Compliance Requirement	Status of Corrective Action
2008-01	Journal Entries	N/A	N/A	Implemented
2008-02	Food Stamps Cluster	10.551 and 10.561	Special Tests and Provisions – ADP System for Food Stamps	Not Implemented – See Current Year Finding 2009-8
2008-03	Temporary Assistance for Needy Families	93.558	Special Tests and Provisions – Child Support Non-Cooperation and Penalty for Refusal to Work	Implemented
2008-04	Adoption Assistance	93.659	Eligibility	Not Implemented – See Current Year Finding 2009-20
2008-05	Adoption Assistance	93.659	Allowable Costs and Activities	Implemented
2008-06	Foster Care	93.658	Allowable Costs and Activities	Not Implemented – See Current Year Finding 2009-18
2008-07	Foster Care	93.658	Eligibility	Not Implemented – See Current Year Finding 2009-19
2008-08	Foster Care	93.658	Allowable Costs and Activities	Implemented
2008-09	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Subrecipient Monitoring	Not Implemented – See Current Year Finding 2009-9
2008-10	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Reporting	Implemented
2008-11	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Procurement, Suspension & Debarment	Not Implemented – See Current Year Finding 2009-10
2008-12	Medicaid Cluster – Alcohol and Drug Program	93.778	Subrecipient Monitoring	Not Implemented – See Current Year Finding 2009-16
2008-13	Medicaid Cluster – Alcohol and Drug Program	93.778	Reporting	Implemented
2008-14	Medicaid Cluster – In-Home Supportive Services	93.778	Eligibility	Not Implemented – See Current Year Finding 2009-14
2008-15	Medicaid Cluster – In-Home Supportive Services	93.778	Allowable Costs and Activities	Not Implemented – See Current Year Finding 2009-15

**COUNTY OF SACRAMENTO, CALIFORNIA
 SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2009**

Finding No.	Program	CFDA No.	Compliance Requirement	Status of Corrective Action
2008-16	Supportive Housing Program	14.235	Subrecipient Monitoring	Not Implemented – See Current Year Finding 2009-11
2008-17	Homeland Security Grant Cluster	97.067/ 97.073/ 97.074	Allowable Costs and Activities/Reporting	Not Implemented – See Current Year Finding 2009-22