

COUNTY OF YUBA
SINGLE AUDIT REPORT
JUNE 30, 2010

COUNTY OF YUBA

Single Audit Report
For the Year Ended June 30, 2010

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

To the Honorable Members of the Board of Supervisors
of County of Yuba
Marysville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yuba, California (County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 11, 2011. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Yuba County Water Agency as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

To the Honorable Members of the Board of Supervisors
of County of Yuba

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-FS-1, 10-FS-2, and 10-FS-3 to be material weaknesses.

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 of Yuba in a separate letter dated February 11, 2011.

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

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

Gallina LLP

Roseville, California
February 11, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Members of the Board of Supervisors
of County of Yuba
Marysville, California

Compliance

We have audited the compliance of the County of Yuba (County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, 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.

The County's basic financial statements include the operations of the Yuba County Housing Authority, which received \$1,875,114 in federal awards which is not included in the schedule during the year ended June 30, 2010. Our audit, described below, did not include the operations of the Yuba County Housing Authority because the Authority engaged us to perform an audit in accordance with OMB Circular A-133, which we reported on separately in our report dated February 11, 2011.

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.

To the Honorable Members of the Board of Supervisors
of County of Yuba

In our opinion, the County of Yuba complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-SA-1, 10-SA-2, 10-SA-3, 10-SA-4, and 10-SA-5.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-SA-1 and 10-SA-5 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-SA-2, 10-SA-3, and 10-SA-4 to be significant deficiencies.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

To the Honorable Members of the Board of Supervisors
of County of Yuba

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

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yuba, California, as of and for the year ended June 30, 2010, and have issued our report thereon dated February 11, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Supplementary Schedules of the California Emergency Management Agency, the Department of Corrections and Rehabilitation Programs and the Department of Community Services and Development beginning on page 39 have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Gallina LLP

Roseville, California
March 11, 2011, except for the Schedule of Expenditures
of Federal Awards as to which the date is February 11, 2011

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U. S. Department of Agriculture</u>			
Passed through State Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care - Japanese Dodder	10.025	09-8520-1081-CA	\$ 13,277
Plant and Animal Disease, Pest Control, and Animal Care - GWSS	10.025	09-8500-0484-CA	8,396
Subtotal CFDA 10.025			<u>21,673</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	--	6,003
National School Lunch Program	10.555	--	77,041
Subtotal Pass-Through			<u>83,044</u>
Passed through State Department of Forestry and Fire:			
Cooperative Law Enforcement Program	10.664	07-LE11051360-050	11,325
Subtotal Pass-Through			<u>11,325</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - C-IV	10.561 *	--	51,052
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 *	--	1,320,425
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 *	--	22,098
Subtotal CFDA 10.561			<u>1,393,575</u>
Passed through State Controller's Office:			
Schools and Roads - Grants to States: Title I	10.665	--	85,003
Schools and Roads - Grants to States: Title III	10.665	--	34,832
Subtotal Pass-Through			<u>119,835</u>
Total U.S. Department of Agriculture			<u>1,629,452</u>
<u>U. S. Department of Commerce</u>			
Passed through State Department of Public Health:			
Hospital Preparedness Program - H1N1	11.133L	--	22,108
Centers for Disease Control and Prevention - PHER	11.206	--	125,974
Total U.S. Department of Commerce			<u>148,082</u>

* Major Program

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228 *	--	\$ 126,952
Community Development Block Grants/State's Program	14.228 *	04-STBG-1947	60,060
Community Development Block Grants/State's Program	14.228 *	08-STBG-4840	235,496
Community Development Block Grant/State's Program	14.228 *	--	831,712
Community Development Block Grants/State's Program	14.228 *	--	3,984,217
Subtotal CFDA 14.228			<u>5,238,437</u>
HOME Investment Partnerships Program	14.239	--	<u>947,367</u>
Total U.S. Department of Housing and Urban Development			<u>6,185,804</u>
<u>U. S. Department of Justice</u>			
Direct Programs:			
Edward Byrne Memorial Formula Grant Program			
Domestic Cannabis Eradication Program	16.579	--	10,000
State Criminal Alien Assistance Program	16.606	--	124,075
Bulletproof Vest Partnership Program	16.607	--	4,518
Edward Byrne Justice Assistance Grant	16.738	--	34,520
Subtotal Direct			<u>173,113</u>
Passed through California Emergency Management Agency:			
Special Emphasis Victim Program	16.575	SE09190580	109,802
Elder Abuse and Advocacy Program	16.575	EA09120580	28,292
Child Abuse Treatment and Advocacy	16.575	AT09060580	147,940
Victim Witness Assistance Program	16.575	VW09230580	61,322
ARRA - Victim Witness Assistance Program	16.588	RV09010580	10,396
ARRA - Victim Witness Assistance Program	16.801	VS09010580	15,435
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	ZO09010580	56,480
Yuba County Drug Impact Program	16.738	DC09220580	184,996
Subtotal Pass-Through			<u>614,663</u>
Passed through Department of Corrections and Rehabilitation:			
Juvenile Accountability Block Grants	16.523	CSA 178-05	<u>181,749</u>
Total U.S. Department of Justice			<u>969,525</u>

* Major Program

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U. S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	--	\$ 55,385
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205 *	HPLUL-5916(072)	161,479
Highway Planning and Construction	20.205 *	HSIPL-5916(076)	31,608
Highway Planning and Construction	20.205 *	HRRRL-5916(073)	14,875
Highway Planning and Construction	20.205 *	STPL-5916(077)	3,621
Highway Planning and Construction	20.205 *	HRRRL-5916(078)	31,666
Highway Planning and Construction	20.205 *	BRLS-5916(029)	26,336
Highway Planning and Construction	20.205 *	BPMP-5916(064)	3,763
Highway Planning and Construction	20.205 *	BRLS-5916(065)	58,343
ARRA - Highway Planning and Construction	20.205 *	ESPL-5916(079)	984,997
ARRA - Highway Planning and Construction	20.205 *	ESPL-5916(083)	944,955
Subtotal CFDA 20.205			2,261,643
Total U.S. Department of Transportation			2,317,028
<u>U. S. Election Assistance Commission</u>			
Help America Vote Act Requirements Payments	90.401	--	468
Total U.S. Election Assistance Commission			468
<u>U. S. Department of Health and Human Services</u>			
Passed through State Department of Public Health:			
Center for Disease Control & Prevention	93.069	--	90,535
Maternal & Child Health	93.110	--	58,119
National Bioterrorism Hospital Preparedness Program	93.889	2008-2009	131,921
Maternal & Child Health	93.994	--	85,054
Subtotal Pass-Through			365,629
Passed through Secretary of State:			
Voting Access for Individuals with Disabilities Grants to States	93.617	--	17,379

* Major Program

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U. S. Department of Health and Human Services</u> (continued)			
Passed through State Department of Health Care Services:			
Children's Health Insurance Program	93.767	--	\$ 19,812
Targeted Case Management	93.778 *	--	59,949
California Children's Services	93.778 *	--	89,400
Medical Assistance Program - Administration	93.778 *	--	2,034,241
Medical Assistance Program - C-IV	93.778 *	--	77,079
Medical Assistance Program - CMIPS	93.778 *	--	87,043
Child Health and Disability Program	93.778 *	--	68,125
Medical Assistance Program - Foster Care	93.778 *	--	30,284
Medical Assistance Program - Adult Protective Services	93.778 *	--	120,248
Child Welfare Services Title XIX Medical Assistance Program	93.778 *	--	400,812
Medical Assistance Program - In Home Supportive Services	93.778 *	--	862,738
ARRA - Medical Assistance Program - In Home Supportive Services	93.778 *	--	49,944
Subtotal Pass-Through			3,899,675
Passed through State Department of Aging:			
Multi-Senior Services Program (MSSP)	93.778 *	--	121,982
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families - Assistance	93.558 *	--	9,618,637
Child Welfare Services (TANF)	93.558 *	--	285,148
Temporary Assistance for Needy Families - C-IV	93.558 *	--	44,712
Temporary Assistance for Needy Families - Administration	93.558 *	--	6,973,085
Kin-GAP Assistance	93.558 *	--	36,435
Subtotal CFDA 93.558			16,958,017
Foster Care - Title IV-E - Assistance	93.658 *	--	867,046
Foster Care - Title IV-E	93.658 *	--	69,960
Foster Care - Title IV-E - Child Welfare Services	93.658 *	--	1,698,655
Foster Care - Title IV-E	93.658 *	--	57,624
Foster Family Home Licensing	93.658 *	--	12,714
Foster Care Title IV-E - SACWIS	93.658 *	--	26,579
ARRA - Foster Care IV-E Assistance	93.658 *	--	92,866
Subtotal CFDA 93.658			2,825,444

* Major Program

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U. S. Department of Health and Human Services</u> (continued)			
Passed through State Department of Social Services (continued):			
Adoption Assistance - Assistance	93.659 *	--	\$ 1,258,766
Adoption Assistance - Administration	93.659 *	--	20,263
Adoption Assistance - Nonrecurring Expense	93.659 *	--	1,944
ARRA - Adoption Assistance	93.659 *	--	140,967
Subtotal CFDA 93.659			1,421,940
Promoting Safe and Stable Families	93.556	--	83,950
Child Welfare Services - State Grants	93.645	--	112,197
Community Care Licensing/Foster Family Homes	93.667	--	79,840
Independent Living Program	93.674	--	78,507
Subtotal			354,494
Subtotal Pass-Through			21,559,895
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563 *	--	2,325,928
Passed through the State Department Community Services and Development:			
Community Services Block Grant	93.569	08F-4948 CY 2009	217,021
Community Services Block Grant	93.569	08F-4953 CY 2009	207,265
Community Services Block Grant	93.569	10F-4050 CY 2010	84,375
Community Services Block Grant	93.569	10F-4055 CY 2010	93,927
ARRA - Community Services Block Grant	93.710	09F-5150 CY 2010	111,099
ARRA - Community Services Block Grant	93.710	09F-5155 CY 2010	142,866
Subtotal CSBG Cluster			856,553
Total U.S. Department of Health & Human Services			29,147,041
<u>U.S. Department of Homeland Security</u>			
Passed through Governor's Office of Homeland Security:			
FY 08 Emergency Management Performance Grant	97.042	2008-9	88,378
FY 09 Emergency Management Performance Grant	97.042	2009-15	83,750
Subtotal CFDA 97.042			172,128

* Major Program

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Homeland Security</u> (continued)			
Passed through Governor's Office of Homeland Security (continued):			
FY 07 Homeland Security Grant Program	97.073	2007-0008	\$ 10,040
FY 08 Homeland Security Grant Program	97.073	2008-0006	65,016
FY 09 Homeland Security Grant Program	97.073	2009-0019	120,431
Subtotal CFDA 97.073			195,487
Passed through California Emergency Management Agency:			
Public Safety Interoperable Communications Program	97.074	2007-0008	100,776
Total U.S. Department of Homeland Security			468,391
Total Expenditures of Federal Awards			\$ 40,865,791

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal awards programs of the County of Yuba (County), with the exception of Yuba County Housing Authority, which expended \$1,875,114 of federal awards, and was subject to a separate single audit by independent auditors. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the Schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is prepared on an accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 3: **Relationship to Financial Statements**

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

Note 4: **Subrecipients**

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

<u>Federal CFDA#</u>	<u>Program</u>	<u>Amount</u>
10.665	Schools and Roads – Grants to States: Title III	\$ 32,000
14.228	Community Development Block Grants/State's Program	94,494
93.569	Community Services Block Grant	528,171
93.710	ARRA – Community Services Block Grant	253,965
93.889	National Bioterrorism Hospital Preparedness Program	56,892
97.073	Homeland Security Grant Program	195,487
97.074	Public Safety Interoperable Communications Program	100,776

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 5: **Loans with Continuing Compliance Requirement**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of July 1, 2009 and June 30, 2010 as follows:

Federal CFDA#	Program Title	<u>Amount Outstanding</u>	
		<u>July 1, 2009</u>	<u>June 30, 2010</u>
14.228	Community Development Block Grant/State's Program	\$ 3,979,756	\$ 3,984,217
14.228	Community Development Block Grant/State's Program (Economic Development Initiative	266,127	221,755
14.239	HOME Investment Partnerships Program	<u>947,367</u>	<u>836,367</u>
	Total	<u>\$ 5,193,250</u>	<u>\$ 5,042,339</u>

Note 6: **Program Clusters**

Federal programs, which must be audited together as a program cluster, include the following:

Child Nutrition Cluster:

10.553	School Breakfast Program	\$ 6,003
10.555	National School Lunch Program	<u>77,041</u>
	Total	<u>\$ 83,044</u>

Note 7: **Pass-Through Entities' Identifying Number**

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

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 8: **Total Federal Awards Expended by CFDA Number**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
16.575	\$ 347,356
93.778	\$ 4,001,845

Note 9: **Department of Aging Federal/State Share**

During the fiscal year ended June 30, 2010, the County expended the following amounts under grants which pass through the California Department of Aging:

<u>CFDA</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
93.778	\$ 121,982	\$ 76,040

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

10.561	State Administrative Matching Grants for the Supplemental Nutrition
14.228	Community Development Block Grant/State's Program
20.205	Highway Planning and Construction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance Program
93.778	Medical Assistance Program

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Section 1 (continued)

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 1,225,974 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

Trust Funds	Finding 10-FS-1
Capital Assets	Finding 10-FS-2
SEFA Preparation	Finding 10-FS-3

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.558	Finding 10-SA-1
CFDA 93.659	Finding 10-SA-2
CFDA 93.659	Finding 10-SA-3
CFDA 93.778	Finding 10-SA-4
CFDA 93.778	Finding 10-SA-5

COUNTY OF YUBA

Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-FS-1	<p data-bbox="469 432 1040 499"><i>Trust Funds</i> <i>Reporting Requirement: Material Weakness</i></p> <p data-bbox="469 539 570 569"><u>Criteria</u></p> <p data-bbox="469 611 1393 926">Under Governmental Accounting Standards Board (GASB) Statement No. 34, amounts formally held in trust but used to support the County's own programs should be reported as funds within the County's reporting entity so as to ensure all economic resources that can be used by the County are reported in the basic financial statements. Use of the agency fund type is limited to resources the County holds purely in a custodial capacity for individuals or other organizations, such as school districts and special districts not governed by the County Board of Supervisors.</p> <p data-bbox="469 968 1393 1178">The general ledger accounting system should produce accurate financial information in a format facilitating decision making. Department heads should review financial information relevant to their departments for accuracy and completeness. A chart of accounts providing users with sufficient detail is essential in strengthening internal controls that identify and correct misstatements.</p> <p data-bbox="469 1220 599 1249"><u>Condition</u></p> <p data-bbox="469 1291 1393 1566">During the audit, we identified 61 funds having cash balances of \$53.6 million that were incorrectly accounted for as agency funds in the County's accounting system. These funds hold resources acquired to support the County's functions and activities. Nearly all of the transactions in these 61 funds for the fiscal year ended June 30, 2010, were recorded as miscellaneous revenues. Inflows of revenues and transfers from other funds were netted against outflows of expenditures and transfers to other funds.</p> <p data-bbox="469 1608 550 1638"><u>Cause</u></p> <p data-bbox="469 1680 1393 1820">The County's general ledger fund structure and chart of accounts is designed to satisfy older State budgetary and legal requirements. The County's general ledger structure does not readily translate to the newer financial reporting model required by current standards.</p>

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-FS-1 (continued)	<p><u>Effect</u></p> <p>Current financial reporting standards require the County’s reporting entity to include transactions and balances in these 61 funds in a format substantially different than currently used on the County’s general ledger accounting system. By not including these funds, assets, liabilities, revenues and expenses are materially misstated. In order to include these funds, additional work is necessary to manually account for their transactions using a different model.</p> <p>There is the potential for double reporting of revenues when resources are transferred into operating funds. Not using the accounting system to control the flow of revenues increases the potential for reporting revenues twice.</p> <p>The commingling of transactions in one account, miscellaneous revenues, prevents department heads and others from the important function of reviewing and monitoring financial activity of the County. As a result, there is an increased likelihood of misstatements going undetected and uncorrected.</p> <p><u>Recommendation</u></p> <p>We recommend the Auditor-Controller’s Office create new funds in its accounting system to account for these 61 funds either as County funds having the full chart of accounts used by County operating funds capable of reporting revenues and expenditures or by including the balances and activities in existing County funds.</p> <p><u>Management Response</u></p> <p>We agree that the funds contained in the accounting system are not agency funds and should be considered special revenue funds. We do not agree that new funds be created, but utilizing the existing fund numbers to fully account for revenue and expenditures that would comply with current accounting and reporting standards. It is anticipated that the chart of account modifications to accomplish the expanded reporting will occur beginning July 1, 2011.</p>

COUNTY OF YUBA

Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2010

Program

Findings/Noncompliance

Finding 10-FS-2

Capital Assets

Reporting Requirement: Material Weakness

Criteria

Accounting for capital assets should be designed to identify record, control and maintain an accurate inventory of these assets.

Condition

The County uses a fixed asset module integrated with its general ledger system to track and maintain an inventory of the County's capital assets. This includes land, buildings, infrastructure (labeled as construction), vehicles, computers and other furniture and equipment. The software automates the time-consuming task of calculating depreciation for the County's assets.

During the audit, the County provided reports generated by its fixed asset module that listed the County's capital assets. Below is a list of errors that we found on these reports:

1. When the donated infrastructure was added to the system, the book value was entered as the accumulated depreciation. As a result, the accumulated depreciation on these assets was overstated by \$30.4 million.
2. The following capital asset additions identified in prior year audits were not added to the capital asset system.
 1. A fiscal year 07-08 audit adjustment of \$2.2 million for road reconstruction.
 2. A fiscal year 08-09 audit adjustment of \$1.0 million for the Willow Glen Road Pavement Project.
 3. A fiscal year 07-08 audit adjustment for land, a right of way donation from Cal-Trans, for \$1.9 million.
 4. A fiscal year 08-09 audit adjustment to add land at the Airport of \$178,600 to reflect the default of the Patterson note receivable.
3. A building with an historical cost of \$11.9 million (asset # 10168) was added twice.
4. The Social Services building (asset # 15965) was missing one year of depreciation (\$1.3 million).

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-FS-2 (continued)	<p><u>Condition</u> (continued)</p> <p>For several years now, project accounting records for infrastructure assets managed by Public Works has not been made available prior to the close of the County’s accounting records. The result has been an increase in audit adjustments. These adjustments, which are nearly always material, impacts the accuracy of the capital asset system in subsequent years as can be seen above from the list of infrastructure projects missing from the system.</p> <p>The County’s accounting system uses a specific range of account numbers for the recording of capital asset expenditures. During our audit, we noted the following capital outlay expenditures were not included in the capital asset system as additions for the current fiscal year:</p> <ol style="list-style-type: none">1. Purchase of the Sycamore Ranch for \$582,172.2. Addition of the new Juvenile Hall roof costing \$128,892.3. There was an amount of \$58,300 recorded to the capital outlay account in the Airport Fund that should have been recorded as construction in progress. <p><u>Cause</u></p> <p>A reconciliation of the amounts in the County’s range of capital purchase accounts to the additions in the capital asset system was not prepared. Changes to the capital asset system were not reviewed by someone independent of the capital asset recordkeeping function.</p> <p>Capital assets for new infrastructure assets could not be added to the capital asset system because Public Works did not submit the project accounting records prior to the close of the County’s accounting records.</p> <p>The County does not have a written capital asset purchasing policy and procedure manual that governs the acquisition, use and disposition of the County’s capital assets, including self-constructed assets.</p>

COUNTY OF YUBA

Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-FS-2 (continued)	<p data-bbox="469 428 550 459"><u>Effect</u></p> <p data-bbox="469 495 1406 596">The aggregate amount of capital assets reported in the County's annual financial report is incorrect. These errors impact the amount of depreciation taken in future years.</p> <p data-bbox="469 632 696 663"><u>Recommendation</u></p> <p data-bbox="469 699 1406 766">We recommend implementation of stronger controls that ensure all capital asset additions are added to the capital asset system accurately:</p> <ul data-bbox="518 802 1406 1157" style="list-style-type: none">• Review public works projects timely so these projects can be added to the system by the County and not by the external auditors.• Review all of the items in capital outlay accounts as well as other expenditure accounts to ensure all current year capital assets additions are added to the capital asset system.• Prepare a reconciliation of the additions in the capital asset system to the capital outlay in the accounting records.• Periodically someone independent of the capital asset recordkeeping function should review the capital asset listing. <p data-bbox="469 1192 1406 1329">We recommend the County implement a written capital asset purchasing policy and procedure manual designed to control and account for the County's property and equipment. The County should consider incorporating some or all of the following:</p> <ul data-bbox="518 1365 1406 1860" style="list-style-type: none">• Establish the process for approving capital asset purchases• Differentiate capital assets from other expenditure items and control the range of accounts used to account for these items• Establish procedures for identifying construction in progress expenditures and transferring completed projects to the building, improvement or infrastructure asset categories• Establish minimum dollar thresholds for capitalization• Set policies for estimating the useful service lives of capital assets• Set policies for periodically inventorying and reviewing capital asset listings• Set policies and establish procedures for maintaining accounting documentation over capital asset additions, dispositions, corrections and other changes in the capital asset system.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-FS-2 (continued)	<p style="text-align: center;"><u>Management Response</u></p> <p>We agree that stronger controls need to be implemented to ensure all capital asset additions are added to the capital system. In this regard we believe a written capital asset purchasing policy and procedure manual needs to be developed that will help pinpoint fixed assets regardless of what accounts were used to fund the purchase. Annually we have reconciled the amounts spent versus inventory booked in the fixed asset accounts ending with 6200 (fixed asset accounts). This process has been done and findings sent to the Departments in question along with their fixed asset reports in May of every year. Follow up phone calls have been made to remind them to provide this office with the necessary forms used to add inventory to the fixed asset module. An affidavit is signed and returned by each department every year certifying that the inventory reports are correct. This office does not officially end the fiscal year until all affidavits are signed and returned. However, we do agree that a formal, more in depth reconciliation of capital asset purchases by the financial system be reconciled to the fixed asset system.</p> <p>In terms of other assets or infrastructure added to the system, this office in cooperation with the Administrative Services Department as well as the County Administrator will specify communication and reporting protocols that will ensure that all assets acquired by the County of Yuba will be properly recorded within the accounting system.</p>

COUNTY OF YUBA

Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2010

Program

Findings/Noncompliance

Finding 10-FS-3

SEFA Preparation

Reporting Requirement: Material Weakness

Criteria

Information used to compile the schedule of expenditures of federal awards (SEFA) should be complete and accurate.

Subpart C, section .300(d) of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, enumerates the auditee's responsibilities to include, among other items:

- Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310.

Condition

While compiling the SEFA, we identified material amounts of federal expenditures omitted from information supplied by the County. There were numerous errors and adjustments requiring revisions to the originally supplied documents in order to accurately report and present the SEFA in accordance with OMB Circular A-133 and other relevant accounting principles. We made significant adjustments to two major programs: Community Development Block Grants, CFDA Number 14.228, and Highway Planning and Construction, CFDA Number 20.205. We were not provided any amounts for federal expenditures for the following programs and thus had to inquire from the client: Child Nutrition Cluster, CFDA 10.553 and 10.555; Schools and Roads – Grants to States, CFDA Number 10.665; HOME Investment Partnerships Program, CFDA Number 14.239; State Criminal Alien Assistance Program, CFDA Number 16.606; and the Enforcing Underage Drinking Law, CFDA Number 20.600.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-FS-3 (continued)	<p data-bbox="469 432 548 464"><u>Cause</u></p> <p data-bbox="469 506 1406 646">The Auditor-Controller’s Office relies on the departments to identify federal expenditures by grant and by program but does not require the attachment of schedules reconciling the department supplied information to the County’s general ledger.</p> <p data-bbox="469 688 716 720"><u>Effect of Condition</u></p> <p data-bbox="469 762 1406 867">There is an increased risk of missing or inaccurate federal expenditures when supplementary information supporting the SEFA’s preparation is not reconciled back to the County’s general ledger.</p> <p data-bbox="469 909 695 940"><u>Recommendation</u></p> <p data-bbox="469 982 1406 1161">We recommend the Auditor-Controller’s Office review all federal expenditures reported by Departments for accuracy and completeness with the County’s general ledger system. We further recommend the County require Departments to include general ledger reconciliations when submitting their federal expenditures.</p> <p data-bbox="469 1203 768 1234"><u>Management Response</u></p> <p data-bbox="469 1276 1406 1449">The Auditor-Controller’s office agrees that the department should include general ledger reconciliations when submitting their federal expenditures. However, our office is not in the position of being able to ascertain the completeness of federal financial assistance from each and every department since they process their grants individually.</p>

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-1	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Temporary Assistance for Needy Families (TANF) CFDA 93.558	<i>Pass-Through Entity: State Department of Social Services</i>
	<i>Compliance Requirement: Eligibility/Special Tests (IEVS)</i>
	<i>Reporting Requirement: Material Weakness; Material Noncompliance in Relation to Compliance Supplement Audit Objective.</i>
Award No. n/a Year: 2009/2010	<u>Criteria</u> As required by § 1137 of the Social Security Act, income and benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits or services. <u>Condition</u> We tested 40 TANF cases and noted three cases missing current IEVS documents and one case where the current IEVS were not signed and dated by the Eligibility Worker for at least one individual active on the cases. <u>Questioned Costs</u> No costs are questioned. <u>Perspective</u> We noted that the current IEVS were missing or not signed and dated for 14 individuals. Our sample included a total of 104 current IEVS. Of the 104 current IEVS we tested, 14 of these current IEVS were missing or not signed and dated. The exception rate for the sample was 14 / 104 or 13.46%.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
<p>Finding 10-SA-1 (continued)</p> <p>Temporary Assistance for Needy Families (TANF) CFDA 93.558</p>	<p><u>Cause</u></p> <p>During the fiscal year, the department migrated from the Interim Statewide Automated Welfare System (ISAWS) to the Statewide Automated System consortium four known as C-IV. Numerous implementation challenges were encountered this first year of using the new system to determine eligibility, issue benefits and manage case loads. We believe these implementation challenges were contributing factors.</p> <p><u>Effect of Condition</u></p> <p>The IEVS system is an elaborate, federally-mandated system which compiles government information for the purpose of tracking federal program eligibility data. Not requesting and using IEVS in eligibility determination can result in individuals receiving benefits to which they are not entitled.</p> <p><u>Recommendation</u></p> <p>We recommend the department establish and communicate a policy designed to ensure that IEVS information is requested, received, reviewed, and documented. We further recommend the Department establish procedures to monitor its adherence to the policy.</p> <p><u>Corrective Action Plan</u></p> <p>The Eligibility/Employment Services Divisions Policy and Procedure titled "IEVS Payment Verification System (PVS)" clearly defines the procedure for processing IEVS documents.</p> <p>The policy and procedure will be reviewed by supervisors at unit meetings and training specific to the IEVS process will be presented at division meetings for both the Eligibility and Employment Services Divisions. The IEVS review at unit meetings and the training at division meetings will be completed by April 30, 2011. In the C-IV system IEVS is now an integrated part of the case record as the IVES documents are automatically received electronically. When a case is sent to a supervisor for review, or selected for a Quality Assurance (QA) review, IEVS compliance is part of that review.</p> <p>The contact person for this corrective action plan is the Program Manager, (530) 749.6480.</p>

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-2	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Adoption Assistance Program CFDA 93.659	<i>Pass-Through Entity: State Department of Social Services</i>
	<i>Compliance Requirement: Eligibility</i>
	<i>Reporting Requirement: Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</i>
Award No. n/a Year: 2009/2010	<u>Criteria</u>
and	Federal Adoption Assistance cannot be paid unless federal eligibility is present. Generally, for federal eligibility, a child must be within specified income categories, be a child with certain “special needs”, be unable to be adopted without Adoption Assistance, and have the adoption assistance agreement in place before the adoption decree is entered. Title 22 California Code of Regulations §3533(a) requires that the determination of the child’s eligibility for adoption assistance be documented in the case record on the Eligibility Certification – Adoption Assistance Program form (the AAP-4). Previous to the use of the AAP-4, a form FC 9 was used to document a child’s eligibility for Adoption Assistance.
ARRA - Adoption Assistance Program CFDA 93.659	
Award No. n/a Year: 2009/2010	<u>Condition</u>
	We tested eligibility for 40 federally-funded Adoption Assistance cases. The requirement to perform a search for non-subsidy placement was not properly documented on the AAP-4 for two cases.
	<u>Questioned Costs</u>
	No costs are questioned. All of these cases were eligible for federal Adoption Assistance. Only their eligibility was not properly documented, as required on the AAP-4.
	<u>Perspective</u>
	The exception rate for the sample was $2 / 40 = 5.00\%$.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-2 (continued)	<u>Cause</u>
Adoption Assistance Program CFDA 93.659	The County's current procedures did not detect that this information was not being properly documented.
Award No. n/a Year: 2009/2010	<u>Effect of Condition</u>
and	Federal Adoption Assistance benefits might be paid on behalf of a child when a child is only eligible for state-funded Adoption Assistance.
ARRA - Adoption Assistance Program CFDA 93.659	<u>Recommendation</u>
Award No. n/a Year: 2009/2010	We recommend the Department instruct eligibility staff to ensure a properly-executed AAP-4 is contained in the case file before approving federal Adoption Assistance. When any case is identified as not having a properly-executed AAP-4, we recommend a supervisor review the case file to ensure that the aid code for the case is correct.
	<u>Corrective Action Plan</u>
	The requirement that documentation showing a search for non-subsidy placement, or that it was waived and was marked on the AAP-4, has been reviewed with both of our Foster Care/AAP workers. If a case is identified as not having a properly executed AAP-4, the Foster Care/AAP supervisor will review the case to ensure that the aid code for the case is correct.
	The contact person for this corrective action plan is the Program Manager, (530) 749.6480.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-3	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Adoption Assistance Program CFDA 93.659	<i>Pass-Through Entity: State Department of Social Services</i>
	<i>Compliance Requirement: Eligibility</i>
	<i>Reporting Requirement: Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</i>
Award No. n/a Year: 2009/2010	<u>Criteria</u>
and	Federal Adoption Assistance cannot be paid unless federal eligibility is present. Generally, for federal eligibility, a child must be within specified income categories, be a child with certain “special needs”, be unable to be adopted without Adoption Assistance, and have the adoption assistance agreement in place before the adoption decree is entered. Title 22 California Code of Regulations §3533(a) requires that the determination of the child’s eligibility for adoption assistance be documented in the case record on the Eligibility Certification – Adoption Assistance Program form (the AAP-4). Previous to the use of the AAP-4 a form FC 9 was used to document a child’s eligibility for Adoption Assistance.
ARRA - Adoption Assistance Program CFDA 93.659	
Award No. n/a Year: 2009/2010	<u>Condition</u>
	We tested eligibility for 40 federally-funded Adoption Assistance cases. We noted two cases in which the AAP-4 was not signed and dated by the authorized official from the Public (State) Adoption Agency.
	<u>Questioned Costs</u>
	No costs are questioned. All of these cases were eligible for federal Adoption Assistance, only that their eligibility was not properly documented, as required on the AAP-4.
	<u>Perspective</u>
	The exception rate for the sample was $2 / 40 = 5.00\%$.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-3 (continued)	<u>Cause</u>
Adoption Assistance Program CFDA 93.659	The County's current procedures did not detect that these forms were missing the required signatures and dates.
Award No. n/a Year: 2009/2010	<u>Effect of Condition</u>
and	Federal Adoption Assistance benefits might be paid on behalf of a child when a child is only eligible for state-funded Adoption Assistance.
ARRA - Adoption Assistance Program CFDA 93.659	<u>Recommendation</u>
Award No. n/a Year: 2009/2010	We recommend the Department instruct eligibility staff to ensure a properly-executed AAP-4 is contained in the case file before approving federal Adoption Assistance. When any case is identified as not having a properly-executed AAP-4, we recommend a supervisor review the case file to ensure that the aid code for the case is correct.
	<u>Corrective Action Plan</u>
	The requirement that a properly executed AAP-4 is in the case file signed and dated by the authorized official from the Public (State) Adoption Agency has been reviewed with both of our Foster Care/AAP workers. They will no longer accept an AAP-4 with a typed signature and date from the Public (State) Adoption Agency. If a case is identified as not having a properly executed AAP-4, the Foster Care/AAP supervisor will review the case to ensure that the aid code for the case is correct.
	The contact person for this corrective action plan is the Program Manager, (530) 749.6480.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-4	<i>Federal Agency: U.S. Department of Health and Human Services</i>
Medical Assistance Program	<i>Pass Through Entity: State Departments of Health Care Services And Aging</i>
CFDA 93.778	<i>Compliance Requirement: Eligibility</i>
Award No. n/a Year: 2009/2010	<i>Reporting Requirement: Significant Deficiency; Material Noncompliance in Relation to Compliance Supplement Audit Objective.</i>
and	<u>Criteria</u>
ARRA – Medical Assistance Program CFDA 93.778	Every 12 months the County must redetermine the eligibility of Medi-Cal recipients with respect to circumstances that may change (i.e., income eligibility). The County must have procedures designed to ensure that recipients make timely and accurate reports of any changes in circumstances that may affect their eligibility. The County must promptly reassess eligibility when it receives information about changes in a recipient’s circumstances that may affect his or her eligibility (42 CFR 435.916).
Award No. n/a Year: 2009/2010	<u>Condition</u>
	We tested 40 Medi-Cal cases and noted two cases where the annual redeterminations were not performed every 12 months as required.
	<u>Questioned Costs</u>
	No costs are questioned.
	<u>Perspective</u>
	The exception rate for the sample was $2 / 40 = 5.00\%$.
	<u>Cause</u>
	During the fiscal year, the department migrated from the Interim Statewide Automated Welfare System (ISAWS) to the Statewide Automated System consortium four known as C-IV. Numerous implementation challenges were encountered this first year of using the new system to determine eligibility, issue benefits and manage case loads. We believe these implementation challenges were contributing factors.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-4 (continued)	<u>Effect of the Condition</u>
Medical Assistance Program CFDA 93.778	Individuals who are no longer eligible for Medi-Cal Assistance might continue receiving this assistance if redeterminations are not conducted in a timely manner.
Award No. n/a Year: 2009/2010	<u>Recommendation</u>
and	We recommend implementation of a review process to ensure the required annual redeterminations for the Medi-Cal Assistance Program are conducted.
ARRA – Medical Assistance Program CFDA 93.778	<u>Corrective Action Plan</u>
Award No. n/a Year: 2009/2010	The Eligibility/Employment Services Divisions Policy and Procedure titled “Redetermination/Recertification Process” clearly defines the process in which Medi-Cal redeterminations must be completed every 12 months.
	As a control to ensure redeterminations are completed timely a report is generated manually from C-IV each month. This report is routed to the Program Manager and the Supervisors, during the first week of each month. The report lists any renewals not completed in the previous month.
	The policy and procedure referenced above will be reviewed by supervisors at unit meetings and will be discussed one-on-one with the individual workers by April 30, 2011.
	The contact person for this corrective action plan is the Program Manager, (530) 749.6480.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-5	<i>Federal Agency: U.S. Department of Health and Human Services</i>
Medical Assistance Program	<i>Pass Through Entity: State Departments of Health Care Services And Aging</i>
CFDA 93.778	<i>Compliance Requirement: Eligibility (IEVS)</i>
Award No. n/a Year: 2009/2010	<i>Reporting Requirement: Material Weakness; Material Noncompliance in Relation to Compliance Supplement Audit Objective.</i>
and	<u>Criteria</u>
ARRA – Medical Assistance Program	As required by § 1137 of the Social Security Act, income and benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual’s eligibility or level of assistance, benefits or services.
CFDA 93.778	<u>Condition</u>
Award No. n/a Year: 2009/2010	We tested 40 Medi-Cal cases and noted that five cases did not have any current IEVS documents and one case where the current IEVS were not signed and dated by the Eligibility Worker for at least one individual active on the cases.
	<u>Questioned Costs</u>
	No costs are questioned.
	<u>Perspective</u>
	We noted that the current IEVS were missing or not signed and dated for 23 individuals. We tested a total of 136 current IEVS that have current IEVS with current IEVS missing or not signed and dated for 23 individuals. The exception rate for the sample was $23 / 136 = 16.91\%$.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2010

Program	Findings/Noncompliance
Finding 10-SA-5 (continued)	<u>Cause</u>
Medical Assistance Program CFDA 93.778	During the fiscal year, the department migrated from the Interim Statewide Automated Welfare System (ISAWS) to the Statewide Automated System consortium four known as C-IV. Numerous implementation challenges were encountered this first year of using the new system to determine eligibility, issue benefits and manage case loads. We believe these implementation challenges were contributing factors.
and	<u>Effect of Condition</u>
ARRA – Medical Assistance Program CFDA 93.778	The IEVS system is an elaborate, federally-mandated system which compiles government information for the purpose of tracking federal program eligibility data. Not requesting and using IEVS in eligibility determination can result in individuals receiving benefits to which they are not entitled.
	<u>Recommendation</u>
	We recommend the Department establish and communicate a policy designed to ensure that IEVS information is requested, received, reviewed, and documented. We further recommend the Department establish procedures to monitor its adherence to the policy.
	<u>Corrective Action Plan</u>
	The Eligibility/Employment Services Divisions Policy and Procedure titled “IEVS Payment Verification System (PVS)” clearly defines the procedure for processing IEVS documents.
	The policy and procedure will be reviewed by supervisors at unit meetings and training specific to the IEVS process will be presented at division meetings for both the Eligibility and Employment Services Divisions. The IEVS review at unit meetings and the training at division meetings will be completed by April 30, 2011. In the C-IV system IEVS is now an integrated part of the case record as the IVES documents are automatically received electronically. When a case is sent to a supervisor for review, or selected for a Quality Assurance (QA) review, IEVS compliance is part of that review.
	The contact person for this corrective action plan is the Program Manager, (530) 749.6480.

COUNTY OF YUBA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

<u>Program</u>	<u>Status of Prior Year Audit Findings</u>
Finding 09-SA-1	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Child Support Enforcement CFDA 93.563	<i>Pass-Through Entity: State Department of Child Support Services</i>
Award No. n/a Year: 2008-09	<i>Compliance Requirement: Allowable Activities/Cost Principles</i>
	<i>Reporting Requirement: Material Weakness; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</i>

Recommendation

We recommend that the Department implement an internal control system requiring that all employees who work only on Child Support Enforcement activities sign a periodic certification stating that the employee worked solely on Child Support Enforcement for the period covered by the certification. These certifications should be prepared at least semi-annually and be signed by the employee. As well, the employee's supervisor should review and approve the certifications.

Status

Implemented.

COUNTY OF YUBA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

<u>Program</u>	<u>Status of Prior Year Audit Findings</u>
Finding 09-SA-2	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Medical Assistance Program CFDA 93.778	<i>Pass-Through Entity: State Department of Social Services</i>
	<i>Compliance Requirement: Eligibility</i>
	<i>Reporting Requirement: Material Weakness; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</i>
Award No. n/a Year: 2008-09	<u>Recommendation</u>
	<p>We suggest that training be given on the importance of the IEVS in eligibility determination, making sure that income documentation in the file matches input into SAWs and problems that overrides can cause. We understand that the new eligibility software C-IV is expected to improve the IEVS exception rate. We further suggest that more staff be assigned to eligibility work for this program.</p>
	<u>Status</u>
	<i>IEVS:</i>
	Not Implemented. This finding is renumbered 10-SA-5.
	<i>Documentation of Income:</i>
	Implemented.
	<i>Program Participant Received Benefits Past Last Day of Eligibility:</i>
	Implemented.

COUNTY OF YUBA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

Program	Status of Prior Year Audit Findings
Finding 09-SA-3	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Temporary Assistance for Needy Families CFDA 93.558	<i>Pass-Through Entity: State Department of Social Services</i>
	<i>Compliance Requirement: Eligibility</i>
	<i>Reporting Requirement: Material Weakness; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</i>
Award No. Year: 2008-09	<u>Recommendation</u>
	<p>We suggest that training be given on the importance of the IEVS in eligibility determination. We suggest better calendaring system to track individuals whose WTW exemption expires so they can then be properly assigned WTW activities. We understand that the new eligibility software C-IV is expected to improve the IEVS exception rate. We further suggest that more staff be assigned to eligibility work for this program.</p>
	<u>Status</u>
	<i>IEVS:</i>
	Not Implemented. This finding is renumbered 10-SA-1.
	<i>Welfare to Work:</i>
	Implemented.

COUNTY OF YUBA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

<u>Program</u>	<u>Status of Prior Year Audit Findings</u>
Finding 09-SA-4	<i>Federal Agency: U.S. Department of Health and Human Services</i>
Temporary Assistance for Needy Families CFDA 93.558	<i>Pass Through Entity: State Department of Social Services</i>
	<i>Compliance Requirement: Reporting</i>
	<i>Reporting Requirement: Significant Deficiency; Material Noncompliance in Relation to Compliance Supplement Audit Objective.</i>
Award No. n/a Year: 2008-09	<u>Recommendation</u>
	We suggest a higher level of supervisory review and further staff training on the importance of the accuracy of information in the E2-Lite report.
	<u>Status</u>
	Implemented.

**SUPPLEMENTARY SCHEDULES
OF
THE CALIFORNIA EMERGENCY
MANGAGEMENT AGENCY
AND
THE DEPARTMENT OF CORRECTIONS
AND REHABILITATION PROGRAMS
GRANTS EXPENDITURES**

COUNTY OF YUBA

Schedules of the California Emergency Management Agency
and the Department of Corrections and Rehabilitation Grants Expenditures
For the Year Ended June 30, 2010

California Emergency Management Agency Grants

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2010. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2009	For the Year Ended June 30, 2010	Cumulative As of June 30, 2010	Federal Share	State Share	County Share
SE09190580 - Special Emphasis Victim Program						
Personal services	\$ 115,941	\$ 136,202	\$ 252,143	\$ 108,702	\$ --	\$ 27,500
Operating expenses	934	1,100	2,034	1,100	--	--
Totals	<u>\$ 116,875</u>	<u>\$ 137,302</u>	<u>\$ 254,177</u>	<u>\$ 109,802</u>	<u>\$ --</u>	<u>\$ 27,500</u>
EA09120580 - Elder Abuse and Advocacy Program						
Personal services	\$ 38,608	\$ 37,001	\$ 75,609	\$ 28,292	\$ --	\$ 8,709
Operating expenses	308	326	634	--	--	326
Totals	<u>\$ 38,916</u>	<u>\$ 37,327</u>	<u>\$ 76,243</u>	<u>\$ 28,292</u>	<u>\$ --</u>	<u>\$ 9,035</u>
AT09060580 - Child Abuse Treatment and Advocacy						
Personal services	\$ 171,163	\$ 174,242	\$ 345,405	\$ 139,651	\$ --	\$ 34,591
Operating expenses	1,250	10,300	11,550	8,289	--	2,011
Totals	<u>\$ 172,413</u>	<u>\$ 184,542</u>	<u>\$ 356,955</u>	<u>\$ 147,940</u>	<u>\$ --</u>	<u>\$ 36,602</u>
VW09230580 - Victim Witness Assistance Program						
Personal services	\$ 117,104	\$ 122,273	\$ 239,377	\$ 61,322	\$ 60,951	\$ --
Operating expenses	6,886	13,791	20,677	--	13,791	--
Totals	<u>\$ 123,990</u>	<u>\$ 136,064</u>	<u>\$ 260,054</u>	<u>\$ 61,322</u>	<u>\$ 74,742</u>	<u>\$ --</u>
RV09010580 - ARRA - Victim Witness Assistance Program						
Personal services	\$ --	\$ 13,757	\$ 13,757	\$ 10,396	\$ --	\$ 3,361
Operating expenses	--	104	104	--	--	104
Totals	<u>\$ --</u>	<u>\$ 13,861</u>	<u>\$ 13,861</u>	<u>\$ 10,396</u>	<u>\$ --</u>	<u>\$ 3,465</u>
VS09010580 - ARRA - Victim Witness Assistance Program						
Personal services	\$ --	\$ 19,140	\$ 19,140	\$ 15,281	\$ --	\$ 3,859
Operating expenses	--	154	154	154	--	--
Totals	<u>\$ --</u>	<u>\$ 19,294</u>	<u>\$ 19,294</u>	<u>\$ 15,435</u>	<u>\$ --</u>	<u>\$ 3,859</u>

COUNTY OF YUBA

Schedules of the California Emergency Management Agency
and the Department of Corrections and Rehabilitation Grants Expenditures
For the Year Ended June 30, 2010

California Emergency Management Agency Grants (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through	For the Year Ended	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2009	June 30, 2010	June 30, 2010			
ZO09010580 - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories						
Personal services	\$ --	\$ 46,034	\$ 46,034	\$ 46,034	\$ --	\$ --
Operating expenses	--	10,446	10,446	10,446	--	--
Totals	<u>\$ --</u>	<u>\$ 56,480</u>	<u>\$ 56,480</u>	<u>\$ 56,480</u>	<u>\$ --</u>	<u>\$ --</u>
DC09220580 - Yuba County Drug Impact Program						
Personal services	\$ 45,034	\$ 64,300	\$ 109,334	\$ 64,300	\$ --	\$ --
Operating expenses	88,347	120,696	209,043	120,696	--	--
Totals	<u>\$ 133,381</u>	<u>\$ 184,996</u>	<u>\$ 318,377</u>	<u>\$ 184,996</u>	<u>\$ --</u>	<u>\$ --</u>
VB08060580 - Vertical Prosecution Block Grant						
Personal services	\$ 104,827	\$ 112,864	\$ 217,691	\$ --	\$ --	\$ --
Operating expenses	18,611	18,541	37,152	--	--	--
Totals	<u>\$ 123,438</u>	<u>\$ 131,405</u>	<u>\$ 254,843</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

California Department of Corrections and Rehabilitation Grants

The following represents expenditures for California Department of Corrections and Rehabilitation grants for the year ended June 30, 2010. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through	For the Year Ended	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2009	June 30, 2010	June 30, 2010			
CSA 178-05 - Juvenile Accountability Block Grant						
Personal services	\$ 226,599	\$ 168,282	\$ 394,881	\$ 168,282	\$ --	\$ --
Operating expenses	9,500	13,467	22,967	13,467	--	--
Totals	<u>\$ 236,099</u>	<u>\$ 181,749</u>	<u>\$ 417,848</u>	<u>\$ 181,749</u>	<u>\$ --</u>	<u>\$ --</u>

**SUPPLEMENTARY SCHEDULES
OF THE DEPARTMENT
OF
COMMUNITY SERVICES
AND DEVELOPMENT
GRANT REVENUES AND EXPENDITURES**

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 08F-4948 (CSBG - \$255,965)
 For The Period January 1, 2009 through December 31, 2009

	January 1, 2009 through June 30, 2009	July 1, 2009 through December 31, 2009	Totals
<u>Revenue</u>			
Grant revenue	\$ 49,281	\$ 206,684	\$ 255,965
Interest income	333	188	521
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>\$ 49,614</u>	<u>\$ 206,872</u>	<u>\$ 256,486</u>
 <u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 5,818	\$ 9,553	\$ 15,371
Fringe benefits	2,279	1,957	4,236
Consumable supplies	--	1,276	1,276
Other costs	4,135	3,095	7,230
Subtotal Administrative Costs	<hr/> 12,232	<hr/> 15,881	<hr/> 28,113
 Program Costs:			
Subcontractor Services	27,233	201,140	228,373
Subtotal Program Costs	<hr/> 27,233	<hr/> 201,140	<hr/> 228,373
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 39,465</u>	<u>\$ 217,021</u>	<u>\$ 256,486</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 08F-4953 (CSBG - \$256,036)
 For The Period January 1, 2009 through December 31, 2009

	January 1, 2009 through <u>June 30, 2009</u>	July 1, 2009 through <u>December 31, 2009</u>	<u>Totals</u>
<u>Revenue</u>			
Grant revenue	\$ 47,975	\$ 208,060	\$ 256,035
Interest income	646	313	958
	<u> </u>	<u> </u>	<u> </u>
Total Revenue	<u>\$ 48,621</u>	<u>\$ 208,373</u>	<u>\$ 256,993</u>
 <u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 11,283	\$ 14,215	\$ 25,498
Fringe benefits	3,970	2,750	6,720
Other costs	2,876	6,076	8,952
Subtotal Administrative Costs	<u>18,129</u>	<u>23,041</u>	<u>41,170</u>
 Program Costs:			
Subcontractor Services	<u>31,600</u>	<u>184,224</u>	<u>215,824</u>
Subtotal Program Costs	<u>31,600</u>	<u>184,224</u>	<u>215,824</u>
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 49,729</u>	<u>\$ 207,265</u>	<u>\$ 256,994</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 10F-4050 (CSBG - \$255,965)
 For The Period January 1, 2010 through December 31, 2010

	January 1, 2010 through <u>June 30, 2010</u>	July 1, 2010 through <u>December 31, 2010</u>	<u>Totals</u>
<u>Revenue</u>			
Grant revenue	\$ 119,716	\$ --	\$ 119,716
Interest income	273	--	273
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>\$ 119,989</u>	<u>\$ --</u>	<u>\$ 119,989</u>
 <u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 8,940	\$ --	\$ 8,940
Fringe benefits	1,593	--	1,593
Other costs	2,860	--	2,860
Subtotal Administrative Costs	<hr/> 13,393	<hr/> --	<hr/> 13,393
 Program Costs:			
Subcontractor Services	70,982	--	70,982
Subtotal Program Costs	<hr/> 70,982	<hr/> --	<hr/> 70,982
 Total Expenditures	 <u>\$ 84,375</u>	 <u>\$ --</u>	 <u>\$ 84,375</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No.10F-4055 (CSBG - \$256,036)
 For The Period January 1, 2010 through December 31, 2010

	January 1, 2010 through June 30, 2010	July 1, 2010 through December 31, 2010	Totals
<u>Revenue</u>			
Grant revenue	\$ 123,543	\$ --	\$ 123,543
Interest income	426	--	426
	<u>\$ 123,969</u>	<u>\$ --</u>	<u>\$ 123,969</u>
 <u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 16,072	\$ --	\$ 16,072
Fringe benefits	2,821	--	2,821
Other costs	3,209	--	3,209
Subtotal Administrative Costs	<u>22,102</u>	<u>--</u>	<u>22,102</u>
 Program Costs:			
Subcontractor Services	71,825	--	71,825
Subtotal Program Costs	<u>71,825</u>	<u>--</u>	<u>71,825</u>
 Total Expenditures	<u>\$ 93,927</u>	<u>\$ --</u>	<u>\$ 93,927</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 09F-5150 (CSBG - ARRA \$191,046)
For The Period January 1, 2010 through December 31, 2010

	January 1, 2010 through <u>June 30, 2010</u>	July 1, 2010 through <u>December 31, 2010</u>	<u>Totals</u>
<u>Revenue</u>			
Grant revenue	\$ 101,647	\$ --	\$ 101,647
Total Revenue	<u>\$ 101,647</u>	<u>\$ --</u>	<u>\$ 101,647</u>
<u>Expenditures</u>			
Program Costs:			
Subcontractor Services	\$ 111,099	\$ --	\$ 111,099
Subtotal Program Costs	<u>111,099</u>	<u>--</u>	<u>111,099</u>
Total Expenditures	<u>\$ 111,099</u>	<u>\$ --</u>	<u>\$ 111,099</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 09F-5155 (CSBG - \$193,285)
For The Period January 1, 2010 through December 31, 2010

	January 1, 2010 through <u>June 30, 2010</u>	July 1, 2010 through <u>December 31, 2010</u>	<u>Totals</u>
<u>Revenue</u>			
Grant revenue	\$ 68,267	\$ --	\$ 68,267
Total Revenue	<u>\$ 68,267</u>	<u>\$ --</u>	<u>\$ 68,267</u>
<u>Expenditures</u>			
Program Costs:			
Subcontractor Services	\$ 142,866	\$ --	\$ 142,866
Subtotal Program Costs	<u>142,866</u>	<u>--</u>	<u>142,866</u>
Total Expenditures	<u>\$ 142,866</u>	<u>\$ --</u>	<u>\$ 142,866</u>