

COUNTY OF SAN LUIS OBISPO

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2006

COUNTY OF SAN LUIS OBISPO

Single Audit Report
For the Year Ended June 30, 2006

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

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, 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 San Luis Obispo, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 5, 2006. 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 of San Luis Obispo's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of San Luis Obispo's financial statements are free of material misstatement, we performed tests of its compliance with

Board of Supervisors
County of San Luis Obispo

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*.

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

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

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Roseville, California
October 5, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

Compliance

We have audited the compliance of the County of San Luis Obispo, 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, 2006. The County of San Luis Obispo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of San Luis Obispo's management. Our responsibility is to express an opinion on the County of San Luis Obispo'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 of San Luis Obispo'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 of San Luis Obispo's compliance with those requirements.

In our opinion, the County of San Luis Obispo 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, 2006. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with

Board of Supervisors
County of San Luis Obispo

OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 06-1, 05-1, 05-2, and 05-4.

Internal Control Over Compliance

The management of the County of San Luis Obispo 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 of San Luis Obispo'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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of San Luis Obispo's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1, 05-1, 05-2, 05-3, and 05-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated October 5, 2006.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo as of and for the year ended June 30, 2006, and have issued our report thereon dated October 5, 2006. Our audit was performed for the purpose of forming opinions on the financial

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County of San Luis Obispo

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.

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

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

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Roseville, California
October 5, 2006

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF AGRICULTURE				
Passed through State Department of Social Services:				
Food Stamps	10.551 *	--	\$ 9,122,129	\$ 9,122,129
Food Stamp Administration	10.561 *	--	1,987,908	1,988,150
Subtotal State Department of Social Services			<u>11,110,037</u>	<u>11,110,279</u>
Passed through State Department of Education:				
School Nutrition Program - Breakfast	10.553	40-34405-9012915-01	42,995	42,995
School Nutrition Program - Lunch	10.555	40-34405-9012915-01	66,545	66,545
Subtotal Statement Department of Education			<u>109,540</u>	<u>109,540</u>
Passed through State Department of Health Services:				
Infant Children Nutrition Program	10.557	05-45793	767,541	767,541
Infant Children Nutrition Program - Prior year adjustment	10.557	--	(10,000)	--
Subtotal State Department of Health Services			<u>757,541</u>	<u>767,541</u>
Passed through CalTrans:				
National Scenic Byways	10.167	034-M	54,745	54,638
Passed through State Controller's Office:				
Federal Forest Reserve Fee	10.665	--	11,405	11,405
Federal Grazing Fees	10.666	--	4,266	4,266
Subtotal State Controller's Office			<u>15,671</u>	<u>15,671</u>
Total Department of Agriculture			<u>\$ 12,047,534</u>	<u>\$ 12,057,669</u>
U.S. DEPARTMENT OF COMMERCE				
Direct program:				
Coastal Zone Management Administration Awards	11.419	--	132,304	132,304
Total Department of Commerce			<u>\$ 132,304</u>	<u>\$ 132,304</u>
U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Direct programs:				
Low Income Housing Assistance Community Development Block Grants	14.218 *	--	1,908,988	2,314,354
Emergency Shelter Grant Program	14.231	--	87,612	87,612
Supportive Housing Program	14.235	--	644,866	644,866
Home Partnership Investment Program	14.239 *	--	787,393	1,528,685
Housing Opportunities for Persons With Aids	14.241	--	49,175	49,175
Total Department of Housing & Urban Development			<u>\$ 3,478,034</u>	<u>\$ 4,624,692</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF THE INTERIOR				
Direct programs:				
Federal In-Lieu Tax	15.226	--	\$ 6,685	\$ 6,685
Federal In-Lieu Tax	15.226	--	<u>617,106</u>	<u>617,106</u>
Total Department of the Interior			<u>\$ 623,791</u>	<u>\$ 623,791</u>
U. S. DEPARTMENT OF JUSTICE				
Direct programs:				
Public Safety Partnership and Community Policing Grants:				
COPS Technology Award	16.710	--	69,065	69,065
COPS Technology Award	16.710	2003-CK-WX-0285	208,859	--
COPS Technology Initiative Grant	16.710	--	2,228	2,228
Bureau of Immigration & Customs Enforcement	16.710	--	2,361	41,489
Bureau of Immigration & Customs Enforcement-				
Prior year under-accrual	16.710	--	2,299	--
COPS Technology Award-SS Awards	16.710	--	37,800	37,800
Subtotal CFDA 16.710			<u>322,612</u>	<u>150,582</u>
State Criminal Alien Assistance Program	16.606	2006-AP-BX-0708	199,846	199,846
Southwest Border Prosecution Initiative	16.607	--	7,714	7,714
Cannabis Eradication Program	16.738	--	24,200	24,200
Justice Assistance Grant	16.738	--	22,912	22,912
Subtotal			<u>254,672</u>	<u>254,672</u>
Subtotal Direct			<u>577,284</u>	<u>405,254</u>
Passed through State Department of Emergency Services:				
Byrne Formula Grants:				
Gang Task Force	16.579	DC05160400	221,208	210,148
Marijuana Suppression Grant	16.579	MS05040400	193,333	193,333
Subtotal CFDA 16.579			<u>414,541</u>	<u>403,481</u>
Victim Witness Assistance	16.575	VW05240400	83,341	83,341
Victim Witness Elder Abuse	16.582	EA05080400	105,000	105,000
Subtotal			<u>188,341</u>	<u>188,341</u>
Subtotal State Department of Emergency Services			<u>602,882</u>	<u>591,822</u>
Passed through State Department of Corrections and Rehabilitation:				
Coordinated Enforcement Plan for Reducing Juvenile Crime	16.523	CSA 166-05	20,805	20,805
Subtotal Pass-through			<u>623,687</u>	<u>612,627</u>
Total Department of Justice			<u>\$ 1,200,971</u>	<u>\$ 1,017,881</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF TRANSPORTATION				
Direct programs:				
Airport Improvement Program:				
Airport Improvement Program (Oceano)	20.106 *	DTFA 08-02-C-31254	\$ 137,034	\$ 137,034
Airport Improvement Program (Oceano) - Prior year adjustment	20.106 *	DTFA 08-02-C-31254	17,199	--
Airport Improvement Program	20.106 *	DTFA 08-02-C-31258	40,900	40,900
Airport Improvement Program	20.106 *	DTFA 08-02-C-31323	39,862	39,862
Airport Improvement Program	20.106 *	DTFA 08-03-C-31381	98,546	98,546
Airport Improvement Program	20.106 *	DTFA 08-04-C-31462	800,932	800,932
Airport Improvement Program	20.106 *	DTFA 08-04-C-31526	118,819	118,819
Airport Improvement Program	20.106 *	DTFA 08-05-C-31634	1,037,324	1,037,324
Airport Improvement Program	20.106 *	DTFA 08-05-C-31673	277,985	277,985
Airport Improvement Program	20.106 *	DTFA 08-04-C-31548	1,216,711	1,216,711
Subtotal CFDA 20.106			<u>3,785,312</u>	<u>3,768,113</u>
 Federal Transit Formula Grants	 20.507	 CA-90-Y314	 <u>19,000</u>	 <u>19,000</u>
Subtotal Direct Programs			<u>3,804,312</u>	<u>3,787,113</u>
 Passed through State Department of Transportation:				
Public Ways and Facilities	20.205	--	396,329	396,329
Public Ways and Facilities	20.205	STPLH-5949(095)	213,000	213,000
Public Ways and Facilities	20.205	STPLER-5949(057)	20,109	20,109
Public Ways and Facilities	20.205	BHLS-5949(062) (063)(044)	11,081	11,081
Public Ways and Facilities	20.205	RPSTPL-5949(081)	48,970	48,970
Public Ways and Facilities	20.205	BRLO-5949(021)	1,684,687	1,684,687
Public Ways and Facilities	20.205	RPSTPL-5949(086)	31,117	31,117
Public Ways and Facilities	20.205	BRLO-5949(019)	84,832	84,832
Public Ways and Facilities	20.205	BRLO-5949(009)	69,260	69,260
Public Ways and Facilities	20.205	BRLO-5949(027)	16,448	16,448
Public Ways and Facilities	20.205	BRLO-5949(033)	85,532	85,532
Public Ways and Facilities	20.205	STPLER-5949(077)	213,483	213,483
Public Ways and Facilities	20.205	BRLO-5949(065)	14,651	14,651
Public Ways and Facilities	20.205	BRLO-549(076)	34,808	34,808
Public Ways and Facilities	20.205	BRLO-5949(064)	99,726	99,726
Public Ways and Facilities	20.205	BRLSZD-5949(060)	435,061	435,061
Public Ways and Facilities	20.205	TCSP-05CA(002)	33,840	33,840
Public Ways and Facilities - Prior year adjustment	20.205	--	722,753	--
Subtotal CFDA 20.205			<u>4,215,687</u>	<u>3,492,934</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF TRANSPORTATION (continued)				
Passed through Business, Transportation and Housing Agency:				
State and Community Highway Safety:				
Office of Traffic Safety	20.600	AL 0575	\$ 141,511	\$ 141,511
Office of Traffic Safety - Prior year adjustment	20.600	--	2,926	--
Subtotal CFDA 20.600			<u>144,437</u>	<u>141,511</u>
Passed through State Office Emergency Services:				
Interagency Hazardous Materials Public Sector Training and Planning Grants:				
Hazardous Materials Emergency Preparedness - Nursing	20.703	HMECA-4033120	11,509	11,509
Subtotal Pass-through			<u>4,371,633</u>	<u>3,645,954</u>
Total Department of Transportation			<u>\$ 8,175,945</u>	<u>\$ 7,433,067</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
Global Language Materials Grant Program	45.310	40-6206	<u>(5,240)</u>	<u>(6,000)</u>
Total National Foundation on the Arts and the Humanities			<u>\$ (5,240)</u>	<u>\$ (6,000)</u>
U. S. DEPARTMENT OF EDUCATION				
Passed through State Department of Education:				
Individuals with Disabilities Education Act	84.027	--	<u>500,366</u>	<u>500,366</u>
Passed through State Department of Alcohol and Drug Programs:				
Safe and Drug-Free Schools and Communities - State Grants:				
Drug School Program - Friday Night Live Expansion	84.186	SDF 03-17	153,928	153,928
Drug School Program - Dare to Be You	84.186	SDF 03-36	71,116	71,116
Subtotal CFDA 84.186			<u>225,044</u>	<u>225,044</u>
Total Department of Education			<u>\$ 725,410</u>	<u>\$ 725,410</u>
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Direct Programs:				
Safe and Drug Free Communities	93.276	2003-ND-FX-0064	94,978	94,978
Dependency Drug Court	93.556	CDCI 05/06-40-06	228,613	228,613
Subtotal Direct Programs			<u>323,591</u>	<u>323,591</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through State Office of Emergency Services:				
Health Resources Services Administration	93.003	--	\$ 113,557	\$ 113,557
Health Resources Services Administration - Prior year adjustment	93.003	--	17,785	--
Subtotal CFDA 93.003			<u>131,342</u>	<u>113,557</u>
Passed through State Department of Aging:				
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:				
Area Agency on Aging (AAA) - Title IIID	93.043	45106D	7,731	7,731
Area Agency on Aging (AAA) - Title IIID - prior year adjustment	93.043	--	(350)	--
Subtotal CFDA 93.043			<u>7,381</u>	<u>7,731</u>
Passed through Sate Department of Alcohol and Drug Programs:				
Drug and Alcohol Abuse Block Grant - Discretionary Funds	93.959	--	1,232,644	1,232,644
Drug and Alcohol Abuse Block Grant - HIV Set-aside Funds	93.959	--	66,492	66,492
Drug and Alcohol Abuse Block Grant - Adolescent and Youth Treatment	93.959	--	177,632	177,632
Drug and Alcohol Abuse Block Grant - Perinatal Set-aside Funds	93.959	--	58,710	58,710
Drug and Alcohol Abuse Block Grant - Abuse Treatment and Testing Accountability	93.959	--	72,201	72,201
Subtotal CFDA 93.959			<u>1,607,679</u>	<u>1,607,679</u>
Passed through State Department of Child Support Services:				
Child Support Enforcement:				
Program Cost	93.563	--	2,953,158	2,953,158
Program Cost - Prior year adjustment	93.563	--	170,226	170,226
Incentive Program	93.563	--	558,720	558,720
Incentive Program - Prior year adjustment	93.563	--	(752)	(752)
Subtotal CFDA 93.563			<u>3,681,352</u>	<u>3,681,352</u>
Passed through State Department of Health Services:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:				
Tuberculosis Grant	93.116	--	10,000	10,000
Tuberculosis Grant - Prior year adjustment	93.116	--	21	--
Subtotal CFDA 93.116			<u>10,021</u>	<u>10,000</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through State Department of Health Services (continued):				
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children Program:				
Lead Poisoning	93.197	05-45166	\$ 28,757	\$ 28,757
Lead Poisoning - Prior year adjustment	93.197	--	(115)	--
Lead Poisoning - Environmental Health - Prior year adjustment	93.197	--	344	--
Subtotal CFDA 93.197			<u>28,986</u>	<u>28,757</u>
Immunization Grants:				
Immunization Action Plan	93.268	05-45426	200,000	200,000
Statewide Immunization Information System (SIIS)	93.268	05-45467	128,000	128,000
Statewide Immunization Information System - Prior year adjustment	93.268	--	1,362	--
Subtotal CFDA 93.268			<u>329,362</u>	<u>328,000</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance Programs:				
Subvention - Bio Terrorism Planning	93.283	--	775,840	775,840
Subvention - Bio Terrorism Planning	93.283	--	8,527	8,527
Subtotal CFDA 93.283			<u>784,367</u>	<u>784,367</u>
HIV Care Formula Grants:				
AIDS Case Management	93.917	04-35322	98,423	98,423
AIDS Case Management - Prior year adjustment	93.917	--	42	--
HIV Care Consortium (HOPWA)	93.917	04-35621	125,781	125,781
HIV Care Consortium (Ryan White)	93.917	03-75928	93,893	93,893
Subtotal CFDA 93.917			<u>318,139</u>	<u>318,097</u>
HIV Prevention Activities - Health Department Based:				
HIV Prevention Program - Alternate Test Sites	93.940	04-35378	57,454	57,454
HIV Prevention Program - ATS - Prior year under-accrual	93.940	--	2,051	--
Subtotal CFDA 93.940			<u>59,505</u>	<u>57,454</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through State Department of Health Services (continued):				
Medical Assistance Program:				
Medi-Cal Administration	93.778 *	--	\$ 240,068	\$ 240,068
Medi-Cal Administration - Prior year adjustment	93.778 *	--	(71,243)	--
Medi-Cal Administration - Subrecipient Lucia Mar USD	93.778 *	--	281,950	281,950
Medi-Cal Administration - Targeted Case Management	93.778 *	--	1,073,823	1,044,107
Medi-Cal Administration - TCM Prior year adjustment	93.778 *	--	96,112	--
Medi-Cal Administration - TCM Pass through San Luis Obispo Child Development	93.778 *	--	41,651	41,651
Medi-Cal Administration - TCM Subrecipient Life Steps	93.778 *	--	39,900	39,900
Administration: Medi-Cal	93.778 *	--	120,184	120,184
Administration: Medi-Cal	93.778 *	--	301,731	4,545,060
Administration: Medi-Cal - Prior year adjustment	93.778 *	--	137,831	--
Subtotal CFDA 93.778			<u>2,262,007</u>	<u>6,312,920</u>
Preventive Health and Health Services Block Grants:				
314D Grant - Prior year adjustment	93.991	--	4,155	--
Subtotal CFDA 93.991			<u>4,155</u>	<u>--</u>
Maternal and Child Health Services Block Grant to the States:				
Children Services	93.994	--	491,577	491,577
Children Services - Prior year adjustment	93.994	--	10,342	--
Maternal & Child Health Services	93.994	200540	344,533	344,533
Maternal & Child Health Services - Prior year adjustment	93.994	--	34,378	--
Medically Vulnerable Infant Program	93.994	00-91277	118,488	118,488
Medically Vulnerable Infant Program - Prior year adjustment	93.994	--	(753)	--
Child Health & Disability Prevention	93.994	--	190,339	190,339
Child Health & Disability Prevention - Prior year adjustment	93.994	--	699	--
Adolescent Family Life Program	93.994	--	415,809	415,809
Adolescent Family Life Program - Prior year adjustment	93.994	--	(15,474)	--
Subtotal CFDA 93.994			<u>1,589,937</u>	<u>1,560,746</u>
Subtotal State Department of Health Services			<u>5,386,479</u>	<u>9,400,341</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through the State Department of Mental Health:				
Mental Health - McKinney Homeless	93.150	--	\$ 46,368	\$ 46,368
Mental Health - Substance Abuse (SAMHSA)	93.958	--	430,345	430,345
Subtotal State Department of Mental Health			<u>476,713</u>	<u>476,713</u>
Passed through the State Department of Social Services:				
Promoting Safe and Stable Families:				
Administration: Family Support	93.556	--	189,259	189,259
Administration: Family Support - Prior year adjustment	93.556	--	8,017	--
Subtotal CFDA 93.556			<u>197,276</u>	<u>189,259</u>
Temporary Assistance for Needy Families:				
Administration: Probation - CALWORKS - Prior year adjustment	93.558 *	--	(196,736)	--
Administration: Public Health CCG - Prior year adjustment	93.558 *	--	12,313	--
Administration: CALWORKS	93.558 *	--	12,208,050	12,208,050
Administration: CALWORKS - Prior year adjustment	93.558 *	--	334,528	--
Assistance: CALWORKS	93.558 *	--	4,993,745	4,993,745
Subtotal CFDA 93.558			<u>17,351,900</u>	<u>17,201,795</u>
Foster Care - Title IV-E:				
Administration: Probation - Title IV-E	93.658	--	2,045,655	2,076,171
Administration: Probation - Title IV-E - Prior year adjustment	93.658	--	77,354	77,354
Administration: Foster Care - Title IV-E	93.658	--	3,482,168	3,482,168
Administration: Foster Care - Title IV-E - Prior year adjustment	93.658	--	(173,605)	--
Assistance: Foster Care	93.658	--	2,314,640	2,314,640
Subtotal CFDA 93.658			<u>7,746,212</u>	<u>7,950,333</u>
Administration: Social Services Programs - Other				
Administration: Social Services Programs - Other	93.645	--	220,048	220,048
Administration: Social Services Programs - Prior year adjustment	93.645	--	(281,373)	--
Subtotal CFDA 93.645			<u>(61,325)</u>	<u>220,048</u>
Administration: Adoption				
Administration: Adoption	93.659	--	575,573	575,573
Assistance: Adoption	93.659	--	2,048,457	2,048,457
Subtotal CFDA 93.659			<u>2,624,030</u>	<u>2,624,030</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through the State Department of Social Services (continued):				
Administration: Independent Living Skills	93.674	--	\$ 171,346	\$ 171,346
Administration: Independent Living Skills - Prior year adjustment	93.674	--	381	--
Subtotal CFDA 93.674			<u>171,727</u>	<u>171,346</u>
Targeted Case Management	93.779	--	198,931	198,931
Targeted Case Management - Prior year adjustment	93.779	--	172,986	172,986
Medi-Cal Administration	93.779	--	129,581	129,581
Subtotal CFDA 93.779			<u>501,498</u>	<u>501,498</u>
Chafee Education and Training Vouchers Program	93.599	--	1,424	1,424
Child Welfare Services - Title XX	93.667	--	162,525	162,525
Subtotal			<u>163,949</u>	<u>163,949</u>
Subtotal State Department of Social Services			<u>28,695,267</u>	<u>29,022,258</u>
Subtotal Pass-through programs			<u>39,986,213</u>	<u>44,309,631</u>
Total Department of Health & Human Services			<u>\$ 40,309,804</u>	<u>\$ 44,633,222</u>
DEPARTMENT OF HOMELAND SECURITY				
Direct programs:				
Transportation Security Administration, Law Enforcement Personnel	97.000	--	269,612	269,612
Assistance to Firefighters Grant	97.044	--	273,424	415,847
Subtotal Direct			<u>543,036</u>	<u>685,459</u>
Passed through State Office of Emergency Services:				
State Domestic Preparedness Equipment Support Program:				
State Homeland Security Grant Program (Prior year correction)	97.004	--	--	(552,183)
State Homeland Security Grant Program '02	97.004	2002-133	8,209	8,209
State Homeland Security Grant Program '02 - Prior year adjustment	97.004	2002-133	5,337	5,337
Subtotal CFDA 97.004			<u>13,546</u>	<u>(538,637)</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Number	Revenue Recognized	Expenditures
DEPARTMENT OF HOMELAND SECURITY				
(continued)				
Passed through State Office of Emergency Services (continued):				
State Domestic Preparedness Equipment Support Program (continued):				
Hazard Mitigation Grants:				
Hazard Mitigation Grant (83.548)	97.039	HMPG #1046-0157	\$ 150,288	\$ 150,288
Hazard Mitigation Grant (83.548)	97.039	DR-1505-CA #0015	38,118	38,118
Hazard Mitigation Grant (83.548) - Prior year adjustment	97.039	DR-1505-CA #0015	(17,805)	(17,805)
Subtotal CFDA 97.039			<u>170,601</u>	<u>170,601</u>
Emergency Management Performance Grants:				
Emergency Management Program Grant - Non Terrorism '05 (83.552)	97.042	2005-15	15,889	15,889
Emergency Management Program Grant - Non Terrorism '05 - Prior year adjustment	97.042	2005-15	3,419	3,419
Emergency Management Program Grant - Non Terrorism '06	97.042	2006-0008	58,132	58,132
Subtotal CFDA 97.042			<u>77,440</u>	<u>77,440</u>
Homeland Security Grant Program '04	97.073	2004-GE-T4-0014	14,769	14,769
Homeland Security Grant Program '04 - Prior year adjustments	97.073	2004-GE-T4-0014	69,567	69,567
Homeland Security Grant Program '04	97.073	--	319,300	319,300
Homeland Security Grant Program '05	97.073	--	3,994	3,994
Homeland Security Grant Program	97.073	--	12,000	12,000
Homeland Security Grant Program '04	97.073	--	286,358	298,741
Subtotal CFDA 97.073			<u>705,988</u>	<u>718,371</u>
Law Enforcement Terrorism Prevention Program	97.074	--	100,972	100,377
State Homeland Security Grant Program	97.067	2003-167	527	527
State Homeland Security Grant Program	97.067	2003-35	522	522
State Homeland Security Grant Program	97.067	--	105,445	--
State Homeland Security Grant Program	97.067	20030035-079-00000	67,764	67,764
State Homeland Security Grant Program - Prior year adjustment	97.067	20030035-079-00000	2,851	2,851
State Homeland Security Grant Program	97.067	--	31,605	31,605
Subtotal CFDA 97.067			<u>208,714</u>	<u>103,269</u>

* Major program

COUNTY OF SAN LUIS OBISPO

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
DEPARTMENT OF HOMELAND SECURITY				
(continued)				
Passed through State Office of Emergency Services (continued):				
Public Assistance Grant-San Simeon Earthquake	97.036	1505-DR-CA	\$ 99,218	\$ 99,218
Public Assistance Grant-San Simeon Earthquake - Prior year adjustments	97.036	1505-DR-CA	<u>487,912</u>	<u>487,912</u>
Subtotal CFDA 97.036			<u>587,130</u>	<u>587,130</u>
Subtotal Pass-through			<u>1,864,391</u>	<u>1,218,551</u>
Total Department of Homeland Security			<u>\$ 2,407,427</u>	<u>\$ 1,904,010</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 69,095,980</u>	<u>\$ 73,146,046</u>

COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2006

Note 1: **Reporting Entity**

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

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is sometimes prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements (such as cash 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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 of San Luis Obispo provided federal awards to subrecipients as follows:

<u>Federal CFDA</u>	<u>Subrecipient</u>	<u>Amount</u>
14.218	City of Arroyo Grande	\$ 83,540
14.218	City of Paso Robles	224,110
14.218	Economic Opportunity Commission	211,469
14.218	Oceano Community Center	65,950
14.218	City of Atascadero	386,255
14.218	City of Grover Beach	120,658
14.218	City of San Luis Obispo	699,032
14.239	Housing Authority of San Luis Obispo	167,251
14.239	People's Self-Help Housing Corporation	1,072,528
93.778	Lifesteps, Inc.	39,900
93.778	Lucia Mar Unified School District	281,950
93.994	Economic Opportunity Commission	411,801

COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 5: **Loans Outstanding**

The following programs had federally-funded loans outstanding at June 30, 2006:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.218	Community Development Block Grants/Entitlement Grants	\$ 753,403
14.239	HOME Partnership Investment Program	<u>2,862,006</u>
	Total	<u>\$ 3,615,409</u>

Note 6: **Program Clusters**

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Food Stamp Cluster:</u>		
10.551	Food Stamps	\$ 9,122,129
10.561	State Administrative Matching Grants for Food Stamp Program	<u>1,988,150</u>
	Total	<u>\$ 11,110,279</u>
<u>Child Nutrition Cluster:</u>		
10.553	School Nutrition Program - Breakfast	\$ 42,995
10.555	School Nutrition Program - Lunch	<u>66,545</u>
	Total	<u>\$ 109,540</u>
<u>Schools and Roads Cluster:</u>		
10.665	Federal Forest Reserve Fee	\$ 11,405
10.666	Federal Grazing Fees	<u>4,266</u>
	Total	<u>\$ 15,671</u>

COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 6: **Program Clusters** (continued)

Homeland Security Cluster

97.004	State Homeland Security Grant Program	\$ (538,637)
97.067	State Homeland Security Grant Program	103,269
97.073	Homeland Security Grant Program	718,371
97.074	Law Enforcement Terrorism Prevention Program	<u>100,377</u>
	Total	<u>\$ 383,380</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 SAN LUIS OBISPO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 8: **California Office of Emergency Services Grants**

The following represents expenditures for Office of Emergency Services programs for the year ended June 30, 2006. 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, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>VW05240400 - Victim/Witness Assistance</u>						
Personal services	\$ --	\$ 187,887	\$ 187,887	\$ 83,341	\$ 104,546	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 187,887</u>	<u>\$ 187,887</u>	<u>\$ 83,341</u>	<u>\$ 104,546</u>	<u>\$ --</u>
<u>DC05160400 - Gang Task Force</u>						
Personal services	\$ --	\$ 210,148	210,148	\$ 210,148	\$ --	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 210,148</u>	<u>\$ 210,148</u>	<u>\$ 210,148</u>	<u>\$ --</u>	<u>\$ --</u>
<u>MS05040400 - Marijuana Eradication Team</u>						
Personal services	\$ --	\$ 156,268	156,268	\$ 156,268	\$ --	\$ --
Operating expenses	--	26,846	26,846	26,846	--	--
Equipment	--	10,219	10,219	10,219	--	--
Totals	<u>\$ --</u>	<u>\$ 193,333</u>	<u>\$ 193,333</u>	<u>\$ 193,333</u>	<u>\$ --</u>	<u>\$ --</u>
<u>EA05080400 - Victim/Witness Elder Abuse</u>						
Personal services	\$ --	\$ 131,250	\$ 131,250	\$ 105,000	\$ --	\$ 26,250
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 131,250</u>	<u>\$ 131,250</u>	<u>\$ 105,000</u>	<u>\$ --</u>	<u>\$ 26,250</u>
<u>VB05030400 - Statutory Rape Vertical Prosecution</u>						
Personal services	\$ --	\$ 62,368	\$ 62,368	\$ --	\$ 62,368	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 62,368</u>	<u>\$ 62,368</u>	<u>\$ --</u>	<u>\$ 62,368</u>	<u>\$ --</u>

COUNTY OF SAN LUIS OBISPO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 9: **California Department of Corrections and Rehabilitation Grants**

The following represents expenditures for the Department of Corrections and Rehabilitation program for the year ended June 30, 2006. 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, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>CSA 166-05 - Coordinated Enforcement Plan for Reducing Juvenile Crime</u>						
Personal services	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Operating expenses	--	23,117	23,117	20,805	--	2,312
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 23,117</u>	<u>\$ 23,117</u>	<u>\$ 20,805</u>	<u>\$ --</u>	<u>\$ 2,312</u>

Note 10: **California Department of Insurance Grant**

The following represents expenditures for the Workers' Compensation Insurance Fraud Program for the year ended June 30, 2006.

Program	Expenditures Claimed			Share of Expenditures - Current Year		
	For the Period Through June 30, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>Workers' Compensation Insurance Fraud</u>						
Personal services	\$ --	\$ 62,607	\$ 62,607	\$ --	\$ 62,607	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 62,607</u>	<u>\$ 62,607</u>	<u>\$ --</u>	<u>\$ 62,607</u>	<u>\$ --</u>

COUNTY OF SAN LUIS OBISPO

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 11: **California Department of Justice Grants**

The following represents expenditures for California Department of Justice programs for the year ended June 30, 2006.

Program	Expenditures Claimed			Share of Expenditures - Current Year		
	For the Period Through June 30, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>Spousal Abuser Program (05SA12DO27)</u>						
Personal services	\$ --	\$ 39,913	\$ 39,913	\$ --	\$ 33,261	\$ 6,652
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 39,913</u>	<u>\$ 39,913</u>	<u>\$ --</u>	<u>\$ 33,261</u>	<u>\$ 6,652</u>
<u>Victim Compensation and Government Claims Board,</u>						
<u>Victims Claims Unit (VCGCB-5057)</u>						
Personal services	\$ --	\$ 215,158	\$ 215,158	\$ --	\$ 188,113	\$ --
Operating expenses	--	--	--	--	27,045	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 215,158</u>	<u>\$ 215,158</u>	<u>\$ --</u>	<u>\$ 215,158</u>	<u>\$ --</u>
<u>Restitution Recovery Joint Powers Agreement (VCGCB-5074)</u>						
Personal services	\$ --	\$ 39,081	\$ 39,081	\$ --	\$ 35,056	\$ --
Operating expenses	--	--	--	--	4,025	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 39,081</u>	<u>\$ 39,081</u>	<u>\$ --</u>	<u>\$ 39,081</u>	<u>\$ --</u>

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

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? | No |
| b. Reportable conditions 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? | No |
| b. Reportable conditions 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

- | | |
|--------|--|
| 10.551 | Food Stamps |
| 10.561 | State Administrative Matching Grants for Food Stamps Program |
| 14.218 | Community Development Block Grants/Entitlement Grants |
| 14.239 | HOME Partnership Investment Program |
| 20.106 | Airport Improvement Program |
| 93.558 | Temporary Assistance for Needy Families |
| 93.778 | Medical Assistance Program |

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Section 1 (continued)

Federal Awards (continued)

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,194,381 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.558	Finding 06-1
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COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Finding/Program	Findings/Noncompliance
<p>Finding 06-1</p> <p>Temporary Assistance for Needy Families CFDA 93.558</p> <p>Award No. n/a Year: 2005-2006</p>	<p><i>Eligibility/Special Tests (IEVS) - Reportable Condition; Material Noncompliance In Relation to a Compliance Supplement Audit Objective</i></p> <p><u>Criteria</u></p> <p>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.</p> <p><u>Condition</u></p> <p>We tested twenty-four cases and noted that three TANF case files did not contain an IEVS document, and, in addition, two case files contained IEVS documents that were not signed by an eligibility staff member. Of the three case files that did not contain an IEVS document, IEVS data had been requested and received electronically on one of the cases, but no record existed to verify that the data was reviewed for discrepancies.</p> <p><u>Questioned Costs</u></p> <p>Undetermined.</p> <p><u>Perspective</u></p> <p>With the transition to the new CalWIN eligibility system, workers were provided with a new method for requesting IEVS data. This method, however, does not currently provide a means for verifying that the data requested was given consideration by the requesting eligibility worker. The existence of two possible methods for requesting the data and a change in the policy establishing how the information was requested could have generated some confusion about the requirement.</p> <p><u>Effect of Condition</u></p> <p>The IEVS system is an elaborate, federally-mandated system which</p>

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Finding/Program	Findings/Noncompliance
Finding 06-1 (continued)	<u>Effect of Condition</u> (continued)
Temporary Assistance for Needy Families CFDA 93.558	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.
Award No. n/a Year: 2005-2006	<u>Recommendation</u>
	We recommend that the Department review this omission to request, review, and compare the IEVS to information in this case record. We recommend that the Department attempt to determine why the current system of controls failed to prevent these exceptions and that the Department establish and communicate a policy designed to ensure that IEVS information is reviewed and this review is documented in each case.
	<u>Corrective Action Plan</u>
	As stated in the audit findings, two cases out of 24 TANF cases reviewed, did not have an IEVS report available to the case manager. That is a 92% accuracy rate. The county strives toward 100% compliance. This standard exists even as caseloads exceed case manager personnel. Staff are instructed and expected to review IEVS reports. Instructions are found in written desk guides; supervisors' random review of cases include review for IEVS compliance; periodic reminders are sent to staff when necessary; new hires are taught during induction training to review IEVS reports for each case.
	IEVS reports are auto-generated when a case application is registered into the system. Prior to CalWIN GoLive (May 2006), paper copies of IEVS reports were filed in cases and a signature block was provided for case managers to acknowledge review, the date of review, and indicate whether discrepancies were resolved. With the implementation of CalWIN, case managers view electronic IEVS reports, but no signature block is provided to acknowledge review. Audit findings state that two cases had no paper copies of IEVS; however, the electronic versions were in CalWIN. Current CalWIN functionality does not provide counties with a method of acknowledging the review and/or identifying discrepancies of IEVS reports. There is a formal Change Assessment Request at the CalWIN Project regarding this specific issue. In the

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 06-1 (continued)	<u>Corrective Action Plan</u> (continued)
Temporary Assistance for Needy Families CFDA 93.558	meantime, the county will work on developing a policy to address the need to demonstrate the case managers' confirmation that IEVS was reviewed and any discrepancies handled. Additionally, a reminder to staff about the need to ascertain the review of IEVS reports will be made at the supervisors meeting on 11/28/06.
Award No. n/a Year: 2005-2006	Christina Chow at (805)-781-1897 is the contact person for this plan.

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
Finding 05-1	<u>Recommendation</u>
Medical Assistance Program CFDA 93.778	We recommend that a review process be implemented to ensure that the required annual redeterminations for the Medi-Cal Assistance Program are conducted. If necessary, we recommend that the County assign more personnel resources to performing redeterminations.
Award No. n/a Original Finding Year: 2004-2005	<u>Status</u>
	Not corrected. Of the twenty-nine cases tested in this year's audit, the required yearly redetermination form could not be located in two cases, and in one additional case a redetermination form was in the file but had not been marked or signed by an eligibility worker. The County will continue its efforts to complete 100% of redeterminations in a timely manner.
Finding 05-2	<u>Recommendation</u>
Medical Assistance Program CFDA 93.778	We recommend that the Department review this omission to request, review, and compare the IEVS to information in this case record. We recommend that the Department attempt to determine why the current system of controls failed to prevent these exceptions and that the Department implements procedures to prevent recurrence of these exceptions.
Award No. n/a Original Finding Year: 2004-2005	<u>Status</u>
	Not corrected. Of twenty-nine cases tested during this year's audit, five case files did not contain an IEVS document and three additional case files contained IEVS documents that were not signed by an eligibility staff member. Of the five case files that did not contain an IEVS document, IEVS data had been requested and received electronically on one of the cases via the CalWIN eligibility system. See the current year Finding 06-1 corrective action plan for further information.
Finding 05-3	<u>Recommendation</u>
Medical Assistance Program CFDA 93.778	We recommend that training be implemented on (1) Schedule C income add-back requirements; and (2) reading wage stubs to determine frequency of payroll to ensure that income input into the eligibility system will match the income documented on file. The Schedule C exception is an error which seems common with less experienced staff,

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
<p>Finding 05-3 (continued)</p> <p>Medical Assistance Program CFDA 93.778</p> <p>Award No. n/a Original Finding Year: 2004-2005</p>	<p><u>Recommendation</u> (continued)</p> <p>who may not be familiar with self-employment income adjustments.</p> <p><u>Status</u></p> <p>Not corrected. The current year audit tested twenty-nine cases and located two instances where the information in the file did not support the figures shown on the CalWIN income screen.</p> <p>In the first instance, a worker had made an error in entering the frequency of a client’s income, following instructions given at CalWIN user training that were incorrect. The department has posted instructions on the department intranet and send out a mass announcement on “How to Enter Income in CalWIN,” but the issue will also be reviewed at the supervisors meeting on November 28th, 2006.</p> <p>In the second instance, the client’s income had been entered correctly into CalWIN by an eligibility worker, but it did not appear in the CalWIN income screen until a worker ran the automatic eligibility determination engine within CalWIN (known as EDBC) while the auditors were present for the audit. This did not affect the family’s eligibility.</p>
<p>Finding 05-4</p> <p>HOME Investment Partnership Program CFDA 14.239</p> <p>and</p> <p>Community Development Block Grants CFDA 14.218</p> <p>Award No. n/a Original Finding Year: 2004-2005</p>	<p><u>Recommendation</u></p> <p>We recommend that the County establish more comprehensive procedures to ensure that all available program income is expended prior to drawing further funds from the U.S. Treasury.</p> <p><u>Status</u></p> <p>Not corrected. At various times during the current year, the County continued to draw down federal funds when program income was on hand to cover expenditures. The department attributes this primarily to HUD software used to report expenditures and request drawdowns (known as IDIS), which would not allow the department to use program income for certain expenditures, even when program income was available. While this represents a significant obstacle to compliance that is not under the department’s direct control, this explanation does not address all of the early drawdowns made.</p>

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

<u>Audit Reference Number</u>	<u>Status of Prior Year Audit Findings</u>
Finding 05-5	<u>Recommendation</u>
HOME Investment Partnership Program CFDA 14.239	We recommend that the County perform the required monitoring of the Housing Authority of San Luis Obispo and People's Self-Help Corporation as soon as possible. We further recommend that the County review and ensure its compliance with a pass through entity's responsibilities regarding subrecipients as enumerated at OMB A133 § 400(d).
Award No. n/a Original Finding Year: 2004-2005	<u>Status</u> Corrected.