

COUNTY OF SAN LUIS OBISPO
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2009

COUNTY OF SAN LUIS OBISPO

Single Audit Report
For the Year Ended June 30, 2009

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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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2009. We conducted our audit in accordance with auditing standards 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 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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

Board of Supervisors
County of San Luis Obispo

Internal Control Over Financial Reporting (continued)

of findings and questioned costs as item 09-FS-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-FS-01 to be a material weakness.

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

The County of San Luis Obispo's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned cost. We did not audit the County's response, and accordingly, we express no opinion on it.

This report is intended solely for the information of the audit committee, 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.



Roseville, California
December 28, 2009



**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, 2009. 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, regulations, 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 for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 09-SA-1, 09-SA-2, and 09-SA-3.

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-SA-01, 09-SA-02, and 09-SA-03 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirements of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 09-SA-2 to be a material weakness.

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

Board of Supervisors
County of San Luis Obispo

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, 2009, and have issued our report thereon dated December 28, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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.

The Supplementary Schedules of Grant Expenditures 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 the audit committee, management, the Board of Supervisors, others within the entity, 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.



Roseville, California
December 28, 2009

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Water and Waste Disposal Program	--	10.760	\$ 8,788	\$ 8,788
Water and Waste Disposal Program-Prior year adjustment	--	10.760	71,609	71,609
Water and Waste Disposal Program	--	10.760	353,079	329,409
Water and Waste Disposal Program-Prior year adjustment	--	10.760	4,662	4,662
Subtotal Direct			<u>438,138</u>	<u>414,468</u>
Passed through State Department of Social Services:				
Supplemental Nutrition Assistance Program - Food Stamps Supplemental	--	10.551*	16,106,293	16,106,293
Nutrition Assistance Program - Prior Year Adjustment	--	10.561*	(15,460)	(15,460)
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	--	10.561*	2,505,697	2,505,697
Subtotal Pass-Through			<u>18,596,530</u>	<u>18,596,530</u>
Passed through State Department of Education:				
School Nutrition Program - Breakfast	--	10.553	9,035	17,642
School Nutrition Program - Breakfast Prior year adjustment	--	10.553	3,958	3,958
School Nutrition Program - Lunch	--	10.555	14,071	27,130
School Nutrition Program - Lunch Prior year adjustment	--	10.555	6,062	6,062
Subtotal Pass-Through			<u>33,126</u>	<u>54,792</u>
Passed through State Department of Health Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	08-85431	10.557	934,467	934,467
Special Supplemental Nutrition Program for Women, Infants & Children - Prior year adjustment	05-45793	10.557	1,616	1,616
Subtotal Pass-Through			<u>936,083</u>	<u>936,083</u>
Passed through State Department of Transportation:				
National Scenic Byways	CASB-5949(105)	10.167	611	1,422
National Scenic Byways-Prior year adjustment	CASB-5949(105)	10.167	512	512
Subtotal Pass-Through			<u>1,123</u>	<u>1,934</u>
Passed through State Controller's Office				
Federal Forest Reserve Fee	--	10.665	10,367	10,367
Federal Grazing Fees	--	10.666	3,460	3,460
Subtotal Pass-Through			<u>13,827</u>	<u>13,827</u>
Passed through State Department of Food and Agriculture				
Pest Detection	07-0647	10.025	65,896	65,896
Sudden Oak Death	07-0450	10.025	26,071	26,071
Glassy-Winged Sharpshooter	07-0104	10.025	466,985	466,985
Light Brown Apple Moth Trapping	07-0859	10.025	5,859	5,859
Subtotal Pass-Through			<u>564,811</u>	<u>564,811</u>
Total Department of Agriculture			<u>\$ 20,583,638</u>	<u>\$ 20,582,445</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Direct programs:				
Low Income Housing Assistance Community				
Development Block Grants	--	14.218	\$ 2,253,691	\$ 2,268,619
Disaster Recovery Initiative	--	14.218	266,439	266,439
Emergency Shelter Grant Program	--	14.231	93,615	93,615
Supportive Housing Program	--	14.235	756,674	756,674
HOME Investment Partnerships Program	--	14.239	936,903	985,191
American Dream Down Payment Initiative	--	14.239	142,984	142,984
Housing Opportunities for Persons With Aids- Development	07-65537	14.241	117,777	117,779
Total Department of Housing & Urban Development			\$ 4,568,083	\$ 4,631,301
U. S. DEPARTMENT OF THE INTERIOR				
Direct programs:				
Federal Payments In-Lieu of Taxes	--	15.226	4,642	4,642
Federal Payments In-Lieu of Taxes	--	15.226	1,380,939	1,380,939
Subtotal CFDA 15.226			<u>1,385,581</u>	<u>1,385,581</u>
Rios Caledonia Adobe	06-05-ML	15.929	193,592	193,592
Total Department of Interior			\$ 1,579,173	\$ 1,579,173
U. S. DEPARTMENT OF JUSTICE				
Direct programs:				
Bureau of Immigration & Customs Enforcement	--	16.710	48,957	48,957
Bureau of Immigration & Customs Enforcement-Prior year under-accrual	--	16.710	35,380	35,380
COPS Technology Award-SS Awards	--	16.710	31,200	31,200
Subtotal CFDA 16.710			<u>115,537</u>	<u>115,537</u>
Byrne Memorial-DNA Forensic Lab	2008-DD-BX-0306	16.580	216,594	216,594
State Criminal Alien Assistance Program	--	16.606	201,994	201,994
Bullet Proof Vest -Prior year adjustment	--	16.607	2,874	2,874
Cannabis Eradication Program	--	16.738	24,000	24,000
Justice Assistance Grant	--	16.738	7,562	7,562
Coverdell Forensic Lab Improvement Grant	2008-CD-BX-0084	16.742	55,303	55,303
Subtotal			<u>508,327</u>	<u>508,327</u>
Subtotal Direct			<u>623,864</u>	<u>623,864</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF JUSTICE (continued)				
Passed through California Emergency Management Agency:				
Gang Task Force	DC08190400	16.579	\$ 153,574	\$ 153,574
Victim Witness Assistance	VW08270400	16.575	70,840	70,840
Victim Witness Elder Abuse	EA08110400	16.582	89,250	89,250
Subtotal Pass-through			<u>313,664</u>	<u>313,664</u>
Passed through State Board of Corrections:				
Juvenile Accountability Block Grant	CSA 166-08	16.523	13,689	13,689
Subtotal Pass-through			<u>13,689</u>	<u>13,689</u>
Total Department of Justice			<u>\$ 951,217</u>	<u>\$ 951,217</u>
U. S. DEPARTMENT OF LABOR				
Passed through California Employment Development Department:				
Workforce Investment Act-Adult	201 & 202	17.258*	315,623	315,623
ARRA - Workforce Investment Act-Adult	201 & 202	17.258*	1,025	1,025
Workforce Investment Act-Youth	301 & 302	17.259*	544,861	544,861
ARRA - Workforce Investment Act-Youth	301 & 302	17.259*	76,025	76,025
Workforce Investment Act-Dislocated Worker and Rapid Response	307,501,502,540,541	17.260*	555,826	555,826
ARRA - Workforce Investment Act-Dislocated Worker and Rapid Response	307,501,502,540,541	17.260*	2,050	2,050
Total Department of Labor			<u>\$ 1,495,410</u>	<u>\$ 1,495,410</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Direct programs:				
Airport Improvement Program	30-06-0228-35	20.106*	1,700,437	1,700,437
Airport Improvement Program	30-06-0228-33	20.106*	2,165,737	2,165,737
Airport Improvement Program	30-06-0228-34	20.106*	2,765,510	2,765,510
Airport Improvement Program	30-06-0228-32	20.106*	10,071	10,071
Subtotal CFDA 20.106			<u>6,641,755</u>	<u>6,641,755</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF TRANSPORTATION				
(continued)				
Passed through State Department of Transportation:				
Public Ways and Facilities	BHLS-5949(062)	20.205	\$ 43,103	\$ 43,103
Public Ways and Facilities	HSIPL-5949(112)	20.205	61,577	61,577
Public Ways and Facilities	BHLS-5949(063)	20.205	30,260	30,260
Public Ways and Facilities	BRLO-5949(019)	20.205	52,895	52,895
Public Ways and Facilities	BRLO-5949(009)	20.205	25,441	25,441
Public Ways and Facilities	BRLO-5949(027)	20.205	3,160,656	3,160,656
Public Ways and Facilities -Prior year adjustment	BRLO-5949(027)	20.205	(2,520)	(2,520)
Public Ways and Facilities	BRLO-5949(065)	20.205	58,185	58,185
Public Ways and Facilities	BRLO-549(076)	20.205	74,871	74,871
Public Ways and Facilities	RPSTPLE 5949(097)	20.205	17,658	17,658
Public Ways and Facilities -Prior year adjustment	RPSTPLE 5949(097)	20.205	23,802	23,802
Public Ways and Facilities -Prior year adjustment	RPSTPLE 5949(106)	20.205	1,080	1,080
National Scenic Byways -Prior year adjustment	05-4A1934	20.205	114,769	114,769
National Scenic Byways	05-4959	20.205	3,967	3,967
National Scenic Byways -Prior year adjustment	05-4959	20.205	7,574	7,574
Subtotal CFDA 20.205			<u>3,673,318</u>	<u>3,673,318</u>
Total Department of Transportation			<u>\$ 10,315,073</u>	<u>\$ 10,315,073</u>
ENVIRONMENTAL PROTECTION AGENCY- OFFICE OF GROUND WATER AND DRINKING WATER				
Passed through Sate Department of Water Resources:				
Lopez Water Treatment Plant Upgrade	SRF2002CX138	66.468	652,558	652,564
Lopez Water Treatment Plant Upgrade-Prior year adjustment	SRF2002CX138	66.468	780	780
Total Environmental Protection Agency			<u>\$ 653,338</u>	<u>\$ 653,344</u>
U. S. DEPARTMENT OF EDUCATION				
Passed through State Department of Education:				
Special Education - Grants to States				
Individuals with Disabilities Education Act	07-14468-1040-01	84.027	493,286	493,186
Passed through California Friday Night Live Partnership:				
Friday Night Live Mentor	--	84.186	33,719	33,719
Passed through State Department of Alcohol and Drug Programs:				
Safe and Drug-Free Schools and Communities - State Grants				
Drug Free School Program-Dare to Be You	SDF 03-36	84.186	4,009	4,009
Drug Free School Program-Strengthening Families	SDF 07-03	84.186	224,512	224,512
Subtotal CFDA 84.186			<u>228,521</u>	<u>228,521</u>
Total Department of Education			<u>\$ 755,526</u>	<u>\$ 755,426</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Direct Programs:				
Safe and Drug Free Communities-Sober Truth on Preventing Underage Drinking	2008-DC-BX-0028	93.276	\$ 39,651	\$ 39,651
Safe and Drug Free Communities-Mentoring	1H79SP014545-01	93.276	14,186	14,186
Safe and Drug Free Communities	1H79SP015477-01	93.276	61,164	61,164
Safe and Drug Free Communities	5H793P012329-05	93.276	20,272	20,272
			<u>135,273</u>	<u>135,273</u>
Passed through California Emergency Management Agency				
Health Resources Services Administration	EPO 07-40	93.889	51,000	51,000
Hospital Preparation Program-Prior year adjustment	EPO HPP 07-040	93.889	1,864	1,864
Hospital Preparation Program	EPO HPP 08-040	93.889	96,033	96,033
Hospital Preparation Program	EPO HPP 08-040	93.889	56,795	56,795
Subtotal CFDA 93.003			<u>205,692</u>	<u>205,692</u>
Passed through Sate Department of Alcohol and Drug Programs:				
Drug and Alcohol Abuse Block Grant-Discretionary Funds	--	93.959	1,248,539	1,248,539
Drug and Alcohol Abuse Block Grant-HIV Set-aside Funds	--	93.959	54,703	54,703
Drug and Alcohol Abuse Block Grant-Adolescent and Youth Treatment	--	93.959	176,765	176,765
Drug and Alcohol Abuse Block Grant-Perinatal Set-aside Funds	--	93.959	72,201	72,201
Drug and Alcohol Abuse Block Grant-Abuse Treatment and Testing Accountability	--	93.959	58,710	58,710
Subtotal CFDA 93.959			<u>1,610,918</u>	<u>1,610,918</u>
Subtotal Direct Programs			<u>1,951,883</u>	<u>1,951,883</u>
Passed through State Department of Aging:				
Special Programs for Aging - Title III Part D- Disease Prevention and Health Promotion Services:				
Area Agency on Aging (AAA) - Title IIID -Prior year residual	45106D	93.043	1,609	1,609
Passed through State Department of Child Support Services:				
Child Support Enforcement:				
Program Cost	--	93.563	3,096,583	3,096,583
Program Cost-Prior year adjustment	--	93.563	(110,656)	(110,656)
Incentive Program	--	93.563	271,184	271,184

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through State Department of Child Support Services (continued):				
Child Support Enforcement (continued):				
Federal Financial Participation	--	93.563	\$ 131,395	\$ 131,395
Federal Financial Participation-Prior year adjustment	--	93.563	112,974	112,974
Subtotal CFDA 93.563			<u>3,501,480</u>	<u>3,501,480</u>
Passed through State Department of Health Care Services:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:				
Tuberculosis Grant	SLOCO	93.116	2,461	2,461
Tuberculosis Grant-Prior year adjustment	SLOCO	93.116	(1,043)	(1,043)
			<u>1,418</u>	<u>1,418</u>
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children Program:				
Lead Poisoning	08-85087	93.197	36,955	36,955
Lead Poisoning-Prior year adjustment	05-45166	93.197	(3,995)	(3,995)
Subtotal CFDA 93.197			<u>32,960</u>	<u>32,960</u>
Immunization Grants:				
Immunization Action Plan	08-85319	93.268	133,411	133,411
Immunization Action Plan-Prior year adjustment	06-55198	93.268	804	804
Child Health & Disability Prevention	SLO 40	93.268	257,048	257,048
Subtotal CFDA 93.268			<u>391,263</u>	<u>391,263</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance Programs:				
Subvention-Bio Terrorism Planning	EPO 07-40	93.283	137,232	137,232
Subvention-Bio Terrorism Planning-Prior year adjustment	EPO 07-40	93.283	33,280	33,280
Subvention-Bio Terrorism Planning	EPO CDC 07-40	93.283	3,699	3,699
Subvention-Bio Terrorism Planning-Prior year adjustment	EPO CDC 07-40	93.283	19,664	19,664
Subtotal CFDA 93.283			<u>193,875</u>	<u>193,875</u>
Centers for Disease Control and Prevention - CDC Base Public Health '08				
	EPO-CDC-08-40	93.069	734,336	734,336
HIV Care Formula Grants:				
AIDS Case Management	07-65079	93.917	135,372	135,372
HIV Care Consortium (Ryan White)	06-55772	93.917	84,579	84,759
HIV Care Consortium (Ryan White)-Prior year adjustment	06-55772	93.917	6,422	6,422
Subtotal CFDA 93.917			<u>226,373</u>	<u>226,553</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through State Department of Health Care Services (continued):				
Medical Assistance Program:				
Medi-Cal Administration	04-35107	93.778*	\$ 557,205	\$ 557,205
Medi-Cal Administration -Prior year adjustment	04-35107	93.778*	264,706	264,706
Medi-Cal Administration -Targeted Case Management	40-0407	93.778*	77,873	77,873
Medi-Cal Administration -Targeted Case Management	40-0408	93.778*	919,983	919,983
ARRA - Medi-Cal Administration -Targeted Case Management	40-0408	93.778*	112,736	112,736
Administration: Medi-Cal	--	93.778*	110,980	110,980
Administration: Medi-Cal	--	93.778*	1,154,672	5,626,825
ARRA - Administration: Medi-Cal	--	93.778*	499,111	499,111
Administration: Medi-Cal-Prior year adjustment	--	93.778*	142,534	142,534
Subtotal CFDA 93.778			<u>3,839,800</u>	<u>8,311,953</u>
Maternal and Child Health Services Block Grant to the States:				
Children Services	SLOCOMTP	93.994	529,755	529,755
Children Services-Prior year adjustment	SLOCOMTP	93.994	38,896	38,896
HIV Prevention Program-Alternate Test Sites	07-65079 07-40	93.994	50,838	50,838
HIV Prevention Program-ATS -Prior year under-accrual	07-65079 07-40	93.994	12,381	12,381
Statewide Immunization Information System (SIIS)	08-85368	93.994	82,898	82,898
Statewide Immunization Information System-Prior year adjustment	07-65294	93.994	3,108	3,108
Maternal & Child Health Services	200840	93.994	319,156	300,007
Maternal & Child Health Services-Prior year adjustment	200740	93.994	33,263	33,263
Subtotal CFDA 93.994			<u>1,070,295</u>	<u>1,051,146</u>
Subtotal State Department of Health Care Services:			<u>6,490,320</u>	<u>10,943,504</u>
Passed through State Department of Mental Health:				
Mental Health-McKinney Homeless	--	93.150	44,712	44,712
Mental Health-Substance Abuse (SAMHSA)	--	93.958	436,404	436,398
Subtotal Pass-through			<u>481,116</u>	<u>481,110</u>
Passed through State Department of Social Services:				
Promoting Safe and Stable Families:				
Administration: Family Support	--	93.556	131,381	131,381
Administration: Family Support-Prior year adjustment	--	93.556	3	--
Subtotal CFDA 93.556			<u>131,384</u>	<u>131,381</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)				
Passed through State Department of Social Services (continued):				
Temporary Assistance for Needy Families:				
Administration: CALWORKS	--	93.558*	\$ 12,718,697	\$ 12,718,697
Administration: CALWORKS-Prior year adjustment	--	93.558*	446,521	446,521
Assistance: CALWORKS	--	93.558*	7,003,492	7,003,492
Subtotal CFDA 93.558			<u>20,168,710</u>	<u>20,168,710</u>
Foster Care - Title IV-E				
Administration: Probation - Title IV E	--	93.658*	1,951,049	1,951,049
Administration: Probation - Title IV E- Prior year adjustment	--	93.658*	141,928	141,928
Administration: Foster Care - Title IV E	--	93.658*	3,895,586	3,895,586
Administration: Foster Care - Title IV E-Prior year adjustment	--	93.658*	184,118	184,118
Assistance: Foster Care	--	93.658*	2,311,381	2,311,381
ARRA - Assistance: Foster Care	--	93.658*	162,852	162,852
Subtotal CFDA 93.658			<u>8,646,914</u>	<u>8,646,914</u>
Administration: Social Services Programs - Other	--	93.645	162,719	162,719
Administration: Adoption	--	93.659*	628,333	628,333
ARRA - Administration: Adoption	--	93.659*	162,313	162,313
Administration: Adoption-Prior year under-accrual	--	93.659*	6,418	--
Assistance: Adoption	--	93.659*	2,414,004	2,414,004
Administration: Independent Living Skills	--	93.674	136,295	136,295
Administration: Independent Living Skills-Prior year adjustment	--	93.674	938	938
Child Welfare Services-Title XX	--	93.667	260,190	260,190
Child Welfare Services-Title XX-Prior year adjustment	--	93.667	206,997	206,997
Targeted Case Management-Prior year adjustment	--	93.779	(7,828)	(7,828)
Medi-Cal Admin	--	93.779	276,628	276,628
Medi-Cal Admin-Prior year adjustment	--	93.779	(316,622)	(316,622)
Subtotal			<u>3,930,385</u>	<u>3,923,967</u>
Subtotal State Department of Social Services			<u>32,877,393</u>	<u>32,870,972</u>
Subtotal Pass-through programs			<u>43,351,918</u>	<u>47,798,675</u>
Total Department of Health & Human Services			<u>\$ 45,303,801</u>	<u>\$ 49,750,558</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	2008/2009 Revenue Recognized	2008/2009 Expenditures
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
Transportation Security Administration, Law Enforcement Personnel	HSTS0208HSLR257	97.090	\$ 133,979	\$ 133,979
Assistance to Firefighters	--	97.044	155,289	157,141
Subtotal Direct			<u>289,268</u>	<u>291,120</u>
Passed through California Emergency Management Agency:				
Hazard Mitigation Grants:				
Hazard Mitigation Grant	HMPG #1046-0157-1003	97.039	1,771,645	1,771,645
Hazard Mitigation Grant - Prior year adjustment	HMPG #1046-0157-1003	97.039	2,246	2,246
Subtotal CFDA 97.039			<u>1,773,891</u>	<u>1,773,891</u>
Emergency Management Performance Grants:				
Emergency Management Program Grant- Non Terrorism '08	2008-EM-E8-2009	97.042	15,537	15,538
Emergency Management Program Grant- Non Terrorism '09	2009-15	97.042	46,058	46,058
Emergency Management Program Grant- Non Terrorism '07-Prior year adjustment	2007-EM-E7-0006	97.042	14,165	14,165
Subtotal CFDA 97.042			<u>75,760</u>	<u>75,761</u>
Homeland Security Grant Program 2007-2008	2008-0006	97.073	7,565	7,565
Homeland Security Grant Program	2007-008	97.073	28,903	35,924
Homeland Security Grant Program - Prior year adjustment	2007-008	97.073	11,792	9,861
Homeland Security Grant Program	2006-0071	97.073	(3,900)	(3,900)
Homeland Security Grant Program	SLOCO 08	97.073	2,825	2,825
Homeland Security Grant Program	SLOCO 07	97.073	19,882	19,882
Homeland Security Grant Program	2007-2008	97.073	13,433	13,593
Homeland Security Grant Program Prior year adjustment	2007-2008	97.073	160	160
Subtotal CFDA 97.073			<u>80,660</u>	<u>85,910</u>
Law Enforcement Terrorism Prevention Program	2007-008	97.074	6,103	6,103
Law Enforcement Terrorism Prevention Program-Prior year adjustment	2007-008	97.074	1,500	(9,861)
Subtotal CFDA 97.074			<u>7,603</u>	<u>(3,758)</u>
Bufferzone Grant	2007-BZ-T7-0006	97.078	134,752	134,752
Subtotal Pass-through			<u>2,072,666</u>	<u>2,066,556</u>
Total Department of Homeland Security			<u>\$ 2,361,934</u>	<u>\$ 2,357,676</u>
Total Expenditures of Federal Awards Excluding Loans			<u>\$ 88,567,193</u>	<u>\$ 93,071,623</u>

* Major Program

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>2008/2009 Revenue Recognized</u>	<u>2008/2009 Expenditures</u>
Beginning Federal Loan Balances With a Continuing Compliance Requirement				
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State Department of Housing and Community Development:				
Community Development Block Grants/Entitlement				
Grants	--	14.218	--	\$ 1,862,997
HOME Investment Partnerships Program	--	14.239	--	<u>11,303,562</u>
Federal Loan Balances with a Continuing Compliance Requirement				<u>13,166,559</u>
Total Expenditures of Federal Awards Including Loans				<u>\$106,238,182</u>

COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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 prepared on a modified 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 of San Luis Obispo provided federal awards to subrecipients as follows:

Amount Federal <u>CFDA</u>	<u>Program Title</u>	<u>Provided to Subrecipients</u>
14.218	Low Income Housing Assistance Community Development Block Grants	\$ 1,473,300
14.231	Emergency Shelter Grant Program	93,615
14.235	Supportive Housing Program	756,674
14.239	HOME Investment Partnerships Program	577,908
17.258	Workforce Investment Act-Adult	262,992
17.259	Workforce Investment Act Youth	485,346
17.260	Workforce Investment Act-DLW, RR	484,086
93.778	Medi-CAL Administration	252,247
93.958	Mental Health-Substance Abuse (SAMHSA)	<u>84,696</u>
	Total	<u>\$ 4,470,864</u>

COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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

Outstanding federally-funded program loans with a continuing compliance requirement had the following balances during the year:

Federal CFDA#	Program Title	Amount Outstanding	
		July 1, 2008	June 30, 2009
14.218	Community Development Block Grants/Entitlement Grants	\$ 1,862,997	\$ 1,669,089
14.239	HOME Investment Partnerships Program	11,303,562	11,843,210

Note 6: **Program Clusters**

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

Federal CFDA#	Program Title	Federal Expenditures
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>		
10.551	Supplemental Nutrition Assistance Program - Food Stamps	\$ 16,106,293
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>2,490,237</u>
	Total	<u>\$ 18,596,530</u>

COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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

<u>Federal</u>	<u>Program Title</u>	<u>Federal</u>
<u>CFDA</u>		<u>Expenditures</u>
<u>Child Nutrition Cluster:</u>		
10.553	School Nutrition Program – Breakfast	\$ 21,600
10.555	School Nutrition Program – Lunch	<u>33,192</u>
	Total	<u>\$ 54,792</u>
<u>Schools and Roads Cluster:</u>		
10.665	Federal Forest Reserve Fee	10,367
10.666	Federal Grazing Fees	<u>3,460</u>
	Total	<u>\$ 13,827</u>
<u>Homeland Security Cluster</u>		
97.073	Homeland Security Grant Program	\$ 85,910
97.074	Law Enforcement Terrorism Prevention Program	<u>(3,758)</u>
	Total	<u>\$ 86,152</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

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

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 deficiencies 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 deficiencies 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

SNAP Cluster

10.551

Supplemental Nutrition Assistance Program – Food Stamps

10.561

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

WIA Cluster

17.258

Work Investment – Act Adult Program

17.259

Work Investment – Act Youth Activities

17.260

Work Investment – Act Dislocated Workers

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section 1 (continued)

Federal Awards (continued)

4. Identification of major programs: (continued)

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.778	Medical Assistance Program

5. Dollar Threshold used to distinguish between Type A and Type B programs? \$ 3,000,000

6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? No

Section 2

Financial Statement Findings

Airport Capital Assets - Completeness Finding 09-FS-1

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.558	Finding 09-SA-1
CFDA 93.569	Finding 09-SA-2
CFDA 93.778	Finding 09-SA-3

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
Finding 09-FS-1	<p><i>Airport Capital Assets – Completeness</i> <i>Reporting Requirement: Material Weakness</i></p> <p><u>Criteria</u></p> <p>Capital expenses should be capitalized in the year the expense is incurred under generally accepted accounting principles (GAAP).</p> <p><u>Condition</u></p> <p>During the year, the County identified \$3.5 million of land additions that were expensed in the Airport fund in the prior year instead of being capitalized as required under generally accepted accounting principles.</p> <p><u>Cause</u></p> <p>The department coded the land purchase initially to a cost object within the cost accounting system that resulted in expense treatment, and did not initiate procedures that exist for capitalization of previously expensed capital costs. Complexity of current procedures for land capitalization contributed to the incorrect coding. Additionally, the department did not review its non-capital accounts for significant capital expenses incorrectly classified as expenses.</p> <p><u>Effect of Condition</u></p> <p>The County understated its capital assets and overstated its operating expenses in the Airport fund.</p> <p><u>Recommendation</u></p> <p>We recommend the County modify its year-end closing process to include a thorough review of noncapital expense accounts to ensure all significant capital asset additions are properly recorded.</p>

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
Finding 09-FS-1 (continued)	<u>Management Response</u> The County has configured a new cost object within the cost accounting system that accommodates capitalization of land with less complexity than previous procedures. A procedure document is in development to instruct departments on the use of the new cost object for land costs that qualify for capitalization under the County's Capitalization Policy. Additionally, the County will implement procedures to review their expense accounts for significant capital costs.

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
Finding 09-SA-1	<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>
Award No. n/a	<i>Compliance Requirement: Eligibility/Special Tests (IEVS)</i>
Year: 2008/2009	<i>Reporting Requirement: Significant Deficiency and Material Noncompliance in Relation to a Compliance Supplement Audit Objective</i>

Criteria

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.

Condition

We tested twenty-nine cases and noted that four cases did not have current IEVS documents for all active individuals on the cases.

Questioned Costs

No costs are questioned.

Perspective

We noted that the current IEVS were missing for 11 individuals. We assumed an average number of individuals requiring an IEVS per case was 3.5. That means we tested for 102 IEVS with 11 current IEVS missing. The error rate for the sample was $11 / 102 = 10.79\%$.

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
Finding 09-SA-1 (continued) Temporary Assistance for Needy Families CFDA 93.558	<p data-bbox="516 428 766 462"><u>Effect of Condition</u></p> <p data-bbox="516 504 1438 680">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 data-bbox="516 722 743 756"><u>Recommendation</u></p> <p data-bbox="516 798 1438 1045">We recommend that the Department review this omission to request, review, and compare the IEVS to information in the 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 requested, received, and reviewed and that this review is documented in each case.</p> <p data-bbox="516 1087 812 1121"><u>Corrective Action Plan</u></p> <p data-bbox="516 1163 1438 1230">San Luis Obispo County uses the CalWIN system to determine TANF eligibility and benefits for our participants.</p> <p data-bbox="516 1272 1438 1373">The CalWIN system automatically requests and receives IEVS reports at application for all individuals requesting aid who have a valid social security number.</p> <p data-bbox="516 1415 1438 1516">Since this audit, the CalWIN system has been updated to include programming that requires a staff person to enter a case comment in the system whenever an IEVS report is opened.</p> <p data-bbox="516 1558 1438 1659">This new programming will help with the documentation needed to show that IEVS reports are being reviewed and used in eligibility determinations.</p> <p data-bbox="516 1701 1438 1812">In October 2009, we implemented an Intake Processing Checklist which has a checkbox to ensure IEVS reports are received on all applicants.</p>

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

Subject/Finding	Findings/Noncompliance
Finding 09-SA-1 (continued) Temporary Assistance for Needy Families CFDA 93.558	<u>Corrective Action Plan</u> (continued) In November 2009, we created a tool for staff that indicates when IEVS reports are required (at application, when adding a person, adding a program, at redeterminations, when entering or correcting a social security number) and how to obtain them. Staff was training on this tool, and it is available on our intranet. In addition, we plan to: <ul style="list-style-type: none">▪ Check all pertinent desk guides and ensure that the review & documentation of the review of IEVS information is adequately covered▪ Send reminders to staff regarding the requirement to review and document the review of IEVS information. Contact person: Joyce Fields, Program Manager, (805) 781-1897
Finding 09-SA-2 Adoption Assistance CFDA 93.659 Award No. n/a Year: 2008/2009	<i>Federal Grantor: U.S. Department of Health and Human Services</i> <i>Pass-Through Entity: State Department of Social Services</i> <i>Compliance Requirement: Eligibility</i> <i>Reporting Requirement: Material Weakness and Material Noncompliance in Relation to a Compliance Supplement Audit Objective</i> <u>Criteria</u> OMB’s compliance supplement states, “Adoption assistance subsidy payments may be paid on behalf of a child only if all of the following requirements are met.” The supplement then gives four requirements that must be met for a child to be eligible for federal assistance. The third requirement states “the entity has made reasonable efforts to place the child for adoption without a subsidy (42 USC 673 (c)). <u>Condition</u> We tested twenty-nine cases and noted that three cases did not indicate that the entity had made reasonable efforts to place the child for adoption without a subsidy or that it was waived.

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
Finding 09-SA-2 (continued)	<u>Questioned Costs</u>
Adoption Assistance CFDA 93.659	No costs are questioned. The County determined that all of these cases were eligible for federal assistance under the program.
Award No. n/a Year: 2008/2009	<u>Perspective</u> The error rate for the sample was $3 / 29 = 10.34\%$.
	<u>Effect of Condition</u> This condition could result in cases being funded with federal funds when the cases are not federally eligible.
	<u>Recommendation</u> We recommend that the entity review the requirement of making sure that reasonable efforts are made to place a child for adoption without a subsidy is completed or waived before using assistance from federal funds. The entity should review each of its current cases and to ensure that they meet the federal requirements.
	<u>Corrective Action Plan</u> Following the audit and the exit meeting with the auditors, the department reviewed the cases for with errors. Each of the three cases had the same error. The AAP 4 Form had not been completed by Social Worker. The box indicating the information about the search for non-subsidy placement was not checked and completed. The FC/AAP Eligibility staff contributed to the errors by not returning the form for completion and by granting federal AAP eligibility without all forms being appropriately documented. In working with the Adoptions Unit, it was discovered that the cases were indeed federally eligible and in each of the three cases. The adoptions social worker completed the work in all three cases but had been remiss in marking the appropriate box to indicate if a search was done or if is was waived and why. All three cases have since been corrected. All three cases were federally eligible and the corrected form was filed.

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
Finding 09-SA-2 (continued) Adoption Assistance CFDA 93.659 Award No. n/a Year: 2008/2009	<u>Corrective Action Plan</u> (continued) Training on the completion of the AAP 4 form has been done with the Adoption Unit Social Workers, the Adoption Supervisor and the unit's Administrative Assistants. Training has been completed with the AAP/Foster Care Eligibility Staff and Supervisors on "Recognizing a properly completed AAP 4", and what must be completed for a child/youth to be federally eligible. AAP/Foster Care Eligibility Staff have been instructed to return any incomplete AAP 4 forms to the Adoptions Unit for research and completion. Handouts were created for both SW and Eligibility staff to remind them about the importance of the AAP 4 being completed correctly. As the auditors have suggested, a review of all currently open AAP cases will be done in early 2010 to ensure that federal requirements have been met; the appropriate paperwork has been completed and is in the AAP eligibility file. Based on the findings of the in-house review, training materials, desk guides and workshops for AAP/Foster Care Eligibility and Adoptions staff will be developed to improve performance and ensure accuracy. Any training for the Adoptions Unit or AAP/Foster Care Eligibility Staff will be done at their monthly meetings. Contact person: Kat Lauterback, Program Manager, (805) 781-1839
Finding 09-SA-3 Medical Assistance Program CFDA 93.778 Award No. n/a Year: 2008/2009	<i>Federal Grantor: U.S. Department of Health and Human Services</i> <i>Pass-Through Entity: State Department of Health Care Services</i> <i>Compliance Requirement: Eligibility (IEVS)</i> <i>Reporting Requirement: Significant Deficiency and Material Noncompliance in Relation to a Compliance Supplement Audit Objective</i> <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.

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
Finding 09-SA-3 (continued) Medical Assistance Program CFDA 93.778 Award No. n/a Year: 2008/2009	<p data-bbox="516 428 646 462"><u>Condition</u></p> <p data-bbox="516 504 1438 604">We tested twenty-nine cases and noted that six cases did not have current IEVS documents for at least one individual that was active on the case.</p> <p data-bbox="516 646 740 680"><u>Questioned Costs</u></p> <p data-bbox="516 722 824 756">No costs are questioned.</p> <p data-bbox="516 798 665 831"><u>Perspective</u></p> <p data-bbox="516 873 1438 1016">We noted that the current IEVS were missing for 8 individuals. We assumed an average number of individuals requiring an IEVS per case was 3.5. That means we tested for 102 IEVS with 8 current IEVS missing. The error rate for the sample was $8 / 102 = 7.85\%$.</p> <p data-bbox="516 1058 766 1092"><u>Effect of Condition</u></p> <p data-bbox="516 1134 1438 1302">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 data-bbox="516 1344 743 1377"><u>Recommendation</u></p> <p data-bbox="516 1419 1438 1665">We recommend that the Department review this omission to request, review, and compare the IEVS to information in the 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 requested, received, and reviewed and that this review is documented in each case.</p>

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Subject/Finding</u>	<u>Findings/Noncompliance</u>
<p>Finding 09-SA-3 (continued)</p> <p>Medical Assistance Program CFDA 93.778</p> <p>Award No. n/a Year: 2008/2009</p>	<p><u>Corrective Action Plan</u></p> <p>Controls set in place since last audit to ensure that every aided individual has a current IEVS at application and redetermination is as follows:</p> <p>CalWIN at Release 19 for IEVS received through the interface sends a worker alert to inform case manager of the arrival. Once reviewed worker must acknowledge if there were any discrepancies, if no discrepancies then an auto case comment is entered. If discrepancies are noted then case comments opens so discrepancies can be documented.</p> <p>Informational sheet on IEVS facts was developed and distributed to staff, and posted to DSS NET that included when IVES was auto generated, when manual generation was required, how to generate in CalWIN and in MEDS.</p> <p>Finally a check sheet was developed for intake (new applications) and annual redeterminations, which are mandatory on all cases, which include the requirement to have a current IEVS on all required individuals.</p> <p>Contact person: Pati Garcia, Program Manager, (805) 781-1893</p>

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
Federal Awards
For the Year Ended June 30, 2009

<u>Audit Reference Number</u>	<u>Status of Prior Year Audit Findings</u>
Finding 08-SA-1	<u>Recommendation</u>
Airport Improvement Program CFDA 20.106	Please review the SF 271s to ensure the expenditures are reported in the appropriate fiscal year. The Department currently has procedures in effect which should ensure that all federal expenditures are properly reported in the appropriate fiscal year. We recommend that the Department review the above exception and determine what occurred and whether or not additional procedures can be implemented to prevent recurrence of similar events.
Award No. Various Year: 2007/2008	<u>Status</u>
	Implemented.
Finding 08-SA-2	<u>Recommendation</u>
Temporary Assistance for Needy Families (TANF) CFDA 93.558	We recommend that the County review the requirement of obtaining the required legal documents to establish an individual's citizenship prior to awarding Federal Temporary Assistance for Needy Families (TANF) eligibility with County personnel who initiate TANF eligibility applications.
Award No. n/a Year: 2007/2008	<u>Status</u>
	Implemented.
Finding 08-SA-3	<u>Recommendation</u>
Temporary Assistance for Needy Families CFDA 93.558	We recommend that the County review its current system of ensuring that the sixty-month, time-on-aid limit is not exceeded and determine whether or not training, a review process and/or a revision to the system is warranted.
Award No. n/a Year: 2007/2008	<u>Status</u>
	Implemented.

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
Federal Awards
For the Year Ended June 30, 2009

<u>Audit Reference Number</u>	<u>Status of Prior Year Audit Findings</u>
Finding 08-SA-4	<u>Recommendation</u>
Temporary Assistance for Needy Families CFDA 93.558 Award No. n/a Year: 2007/2008	We recommend that the Department review this omission to request, review, and compare the IEVS to information in the 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 requested, received, and reviewed and that this review is documented in each case. <u>Status</u> Not Implemented.
Finding 08-SA-5	<u>Recommendation</u>
Temporary Assistance for Needy Families CFDA 93.558 Award No. n/a Year: 2007/2008	We recommend that the County review its internal control system of ensuring that each adult individual who must participate in WTW, but does not, is sanctioned as required by law. If any improvement in the design or operation of internal controls is warranted, the improvement should be implemented. <u>Status</u> Implemented.
Finding 08-SA-6	<u>Recommendation</u>
Foster Care Title IV-E CFDA 93.658 Award No. n/a Year: 2007/2008	We recommend the County review the requirements for properly obtaining and executing AFDC eligibility requirements for all children in foster family homes. We further recommend the County review its internal controls for County employees to track and review eligibility records to ensure that all children living in foster family homes have satisfactorily met AFDC eligibility requirements prior to placing the children in foster family homes. <u>Status</u> Implemented.

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
Federal Awards
For the Year Ended June 30, 2009

<u>Audit Reference Number</u>	<u>Status of Prior Year Audit Findings</u>
Finding 08-SA-7	<u>Recommendation</u>
Foster Care Title IV-E CFDA 93.658	We recommend the County review its internal controls for County employees to track and review criminal records checks to ensure all adults living in the potential foster family home have satisfactorily met a criminal records check prior to placing children in the foster family home.
Award No. n/a Year: 2007/2008	<u>Status</u>
	Implemented.
Finding 08-SA-8	<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 the 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 requested, received, and reviewed and that this review is documented in each case.
Award No. n/a Year: 2007/2008	<u>Status</u>
	Not Implemented.
Finding 08-SA-9	<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.
Award No. n/a Year: 2007/2008	<u>Status</u>
	Implemented.

**SUPPLEMENTARY SCHEDULE
OF GRANT EXPENDITURES**

COUNTY OF SAN LUIS OBISPO

Supplementary Schedule of Grant Expenditures
For the Year Ended June 30, 2009

California Emergency Management Agency Grants

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

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
<u>VW08270400 Victim Witness Assistance</u>						
Personal services	\$ --	\$ 175,386	\$ 175,386	\$ 70,840	\$ 104,546	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 175,386</u>	<u>\$ 175,386</u>	<u>\$ 70,840</u>	<u>\$ 104,546</u>	<u>\$ --</u>
<u>EA08110400 Victim Witness Elder Abuse</u>						
Personal services	\$ --	\$ 111,563	\$ 111,563	\$ 89,250	\$ --	\$ 22,313
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 111,563</u>	<u>\$ 111,563</u>	<u>\$ 89,250</u>	<u>\$ --</u>	<u>\$ 22,313</u>
<u>RX08030400 Rural Crime</u>						
Personal services	\$ --	\$ 65,539	\$ 65,539	\$ --	\$ 65,539	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 65,539</u>	<u>\$ 65,539</u>	<u>\$ --</u>	<u>\$ 65,539</u>	<u>\$ --</u>
<u>VCGCB 7057 Victim Claims Unit</u>						
Personal services	\$ --	\$ 205,348	\$ 205,348	\$ --	\$ 205,348	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 205,348</u>	<u>\$ 205,348</u>	<u>\$ --</u>	<u>\$ 205,348</u>	<u>\$ --</u>
<u>VB07050400 OES Vertical Prosecution Block Grant</u>						
Personal services	\$ --	\$ 132,283	\$ 132,283	\$ --	\$ 132,283	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 132,283</u>	<u>\$ 132,283</u>	<u>\$ --</u>	<u>\$ 132,283</u>	<u>\$ --</u>
<u>VCGC7074 Restitution Recovery JPA</u>						
Personal services	\$ --	\$ 40,058	\$ 40,058	\$ --	\$ 40,058	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 40,058</u>	<u>\$ 40,058</u>	<u>\$ --</u>	<u>\$ 40,058</u>	<u>\$ --</u>

COUNTY OF SAN LUIS OBISPO

Supplementary Schedule of Grant Expenditures
For the Year Ended June 30, 2009

California Emergency Management Agency Grants (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
	<u>DC08190400 Gang Task Force</u>					
Personal services	\$ --	\$ 53,850	53,850	\$ 53,850	\$ --	\$ --
Operating expenses	--	99,724	99,724	99,724	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 153,574</u>	<u>\$ 153,574</u>	<u>\$ 153,574</u>	<u>\$ --</u>	<u>\$ --</u>

California Department of Corrections and Rehabilitation Grants

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

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
	<u>CSA 166-08-Juvenile Accountability Block Grant (JABG)</u>					
Personal services	\$ --	\$ 15,210	\$ 15,210	\$ 13,689	\$ --	\$ 1,521
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 15,210</u>	<u>\$ 15,210</u>	<u>\$ 13,689</u>	<u>\$ --</u>	<u>\$ 1,521</u>

COUNTY OF SAN LUIS OBISPO

Supplementary Schedule of Grant Expenditures
For the Year Ended June 30, 2009

California Department of Insurance Grants

The following represents expenditures for a California Department of Insurance grants for the year ended June 30, 2009.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
<u>Automobile Insurance Fraud</u>						
Personal services	\$ --	\$ 69,260	\$ 69,260	\$ --	\$ 69,260	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 69,260</u>	<u>\$ 69,260</u>	<u>\$ --</u>	<u>\$ 69,260</u>	<u>\$ --</u>
<u>Worker's Comp Insurance Fraud</u>						
Personal services	\$ --	\$ 86,396	\$ 86,396	\$ --	\$ 86,396	\$ --
Operating expenses	--	7,604	7,604	--	7,604	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 94,000</u>	<u>\$ 94,000</u>	<u>\$ --</u>	<u>\$ 94,000</u>	<u>\$ --</u>