

**COUNTY OF SOLANO, CALIFORNIA**

Single Audit Reports  
(OMB Circular A-133)

For the Fiscal Year Ended June 30, 2011

**COUNTY OF SOLANO, CALIFORNIA  
SINGLE AUDIT REPORTS  
(OMB CIRCULAR A-133)**

For the Fiscal Year Ended June 30, 2011

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**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

<b>Federal Agency</b> <b>Pass-Through Agency</b> <b>Federal Program Title</b>	<b>CFDA</b> <b>Number</b>	<b>Agency</b> <b>Pass-Through</b> <b>Number</b>	<b>Program</b> <b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Direct Programs:			
Farmers' Market Promotion Program	10.168	N/A	\$ 20,989
Pass Through Programs:			
California Department of Food and Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-8500-0484-CA	120,412
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-8520-0934-GR	60,038
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-8523-0572-CA	43,629
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-8520-1317-CA	33,861
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-8520-1399-CA	6,229
Total Plant and Animal Disease, Pest Control, and Animal Care			<u>264,169</u>
California Department of Education			
School Breakfast Program	10.553	08-10066-0634774-01	25,342
School Breakfast Program	10.553	48-10488-6051569-01	67,623
Total School Breakfast Program			<u>92,965</u>
National School Lunch Program	10.555	08-10066-0634774-01	38,225
National School Lunch Program	10.555	48-10488-6051569-01	105,258
Total National School Lunch Program			<u>143,483</u>
Total Child Nutrition Cluster			<u>236,448</u>
California Department of Health Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	2,286,827
ARRA - Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	32,825
Total Special Supplemental Nutrition Program for Women, Infants, and Children			<u>2,319,652</u>
California Department of Social Services			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	1946001347-A7	5,272,675
Subtotal - Pass Through Programs			<u>8,092,944</u>
<b>Total U.S. Department of Agriculture</b>			<u>8,113,933</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Programs:			
Supportive Housing Program	14.235	N/A	587,198
Pass Through Programs:			
Vacaville Housing Authority			
Section 8 Housing Assistance Payments Program	14.195	CA131	2,304,668
California Department of Housing and Community Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-EDEF-5892	19,930
California Department of Health Services			
Housing Opportunities for Persons with AIDS	14.241	N/A	442,083
Subtotal - Pass Through Programs			<u>2,766,681</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>3,353,879</u>

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

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

Federal Agency Pass-Through Agency Federal Program Title	CFDA Number	Agency Pass-Through Number	Program Expenditures
<b>U.S. Department of Interior</b>			
Direct Program			
Costal Impact Assistance Program (CIAP)	15.426	N/A	\$ 5,323
U.S. Geological Survey - Research and Data Collection	15.808	N/A	<u>72,000</u>
<b>Total U.S. Department of Interior</b>			<u><u>77,323</u></u>
<b>U.S. Department of Justice</b>			
Direct Programs:			
Law Enforcement Assistance - Narcotics and Dangerous Drugs - Laboratory Analysis	16.001	N/A	18,823
Supervised Visitation, Safe Havens for Children	16.527	N/A	25,141
Drug Court Discretionary Grant Program	16.585	N/A	116,472
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	71,034
State Criminal Alien Assistance Program	16.606	N/A	340,700
Public Safety Partnership and Community Policing Grants	16.710	N/A	<u>30,757</u>
Subtotal - Direct Programs			<u>602,927</u>
Pass Through Programs:			
California Emergency Management Agency Juvenile Accountability Block Grants	16.523	CSA 103-07/CSA 103-10	40,955
Crime Victim Assistance	16.575	VW10290480	127,585
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	N/A	5,666
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC10230480	308,429
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	ZP09010480	435,995
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804	ZA09010480	224,083
Suisun City ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804	2009-SB-B9-0537	<u>37,019</u>
Total Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government			<u>261,102</u>
JAG Program Cluster (16.738, 16.803, 16.804)			<u>1,005,526</u>
Subtotal - Pass Through Programs			<u>1,179,732</u>
<b>Total U.S. Department of Justice</b>			<u><u>1,782,659</u></u>

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

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

<b>Federal Agency</b>	<b>CFDA</b>	<b>Agency</b>	<b>Program</b>
<b>Pass-Through Agency</b>	<b>Number</b>	<b>Pass-Through</b>	<b>Expenditures</b>
<b>Federal Program Title</b>		<b>Number</b>	
<b>U.S. Department of Labor</b>			
Pass Through Programs:			
California Employment Development Department			
Employment Service/Wagner-Peyser Funded Activities	17.207	K078478	\$ 242,437
WIA Adult Program	17.258	K178695	814,653
WIA Adult Program	17.258	K074176	626,655
ARRA - WIA Adult Program	17.258	R970572	156,600
ARRA - WIA Adult Program	17.258	K074176	329,370
Total WIA Adult Program			1,927,278
WIA Youth Activities	17.259	K074176	171,671
WIA Youth Activities	17.259	K178695	872,415
ARRA - WIA Youth Activities	17.259	R970572	236,606
Total WIA Youth Activities			1,280,692
WIA Dislocated Workers	17.260	K074176	1,039,557
ARRA - WIA Dislocated Workers	17.260	R970572	310,533
ARRA - WIA Dislocated Workers	17.260	K074176	315,662
Total WIA Dislocated Workers			1,665,752
WIA Dislocated Worker Formula Grants	17.278	K178695	1,169,313
Total WIA Cluster (17.258, 17.259, 17.260, 17.278)			6,043,035
<b>Total U.S. Department of Labor</b>			<b>6,285,472</b>
<b>U.S. Department of Transportation</b>			
Direct Program:			
Airport Improvement Program	20.106	N/A	130,163
Pass Through Programs:			
California Department of Transportation			
Highway Planning and Construction	20.205	N/A	1,781,653
ARRA - Highway Planning and Construction	20.205	N/A	179,786
Total Highway Planning and Construction			1,961,439
California Office of Traffic Safety (OTS)			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL 1186 Solano	14,855
Subtotal - Pass Through Programs			1,976,294
<b>Total U.S. Department of Transportation</b>			<b>2,106,457</b>
<b>National Endowment for the Humanities</b>			
Pass Through Programs:			
California State Library			
Grants to States	45.310	LS-00-10-0006-10	11,048
<b>Total National Endowment for the Humanities</b>			<b>11,048</b>
<b>U.S. Department of Education</b>			
Pass Through Programs:			
California Office of Special Education and Rehabilitative Services			
Special Education - Grants to States	84.027	4801	960,568
<b>Total U.S. Department of Education</b>			<b>960,568</b>

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

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

<b>Federal Agency</b>	<b>CFDA</b>	<b>Agency</b>	<b>Program</b>
<b>Pass-Through Agency</b>	<b>Number</b>	<b>Pass-Through</b>	<b>Expenditures</b>
<b>Federal Program Title</b>		<b>Number</b>	
<b>U.S. Department of Health and Human Services</b>			
Direct Programs:			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	N/A	\$ 666,046
Drug-Free Communities Support Program Grants	93.276	N/A	110,283
Child Abuse and Neglect Discretionary Activities	93.670	N/A	306,918
ARRA - Grants to Health Center Programs	93.703	N/A	445,746
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	308,111
Subtotal - Direct Programs			<u>1,837,104</u>
Pass Through Programs:			
California Department of Health Services			
Public Health Emergency Preparedness	93.069	N/A	837,473
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	N/A	91,544
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	N/A	27,387
Family Planning Services	93.217	N/A	29,546
Immunization Grants	93.268	N/A	156,507
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	N/A	411,179
National Bioterrorism Hospital Preparedness Program	93.889	N/A	288,246
HIV Care Formula Grants	93.917	N/A	231,956
HIV Prevention Activities - Health Department Based	93.940	N/A	136,291
Maternal and Child Health Services Block Grant to the States	93.994	N/A	2,884,227
California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	88,409
Block Grants for Community Mental Health Services	93.958	N/A	141,187
California Department of Social Services			
Promoting Safe and Stable Families	93.556	194-600-1347-A7	246,277
Temporary Assistance for Needy Families	93.558	194-600-1347-A7	37,574,800
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	194-600-1347-A7	6,951
Total TANF Cluster			<u>37,581,751</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	194-600-1347-A7	12,729
Child Welfare Services - State Grants	93.645	194-600-1347-A7	181,831
Social Services Research and Demonstration	93.647	N/A	23,318
Foster Care (Title IV-E)	93.658	194-600-1347-A7	6,702,151
ARRA - Foster Care (Title IV-E)	93.658	194-600-1347-A7	129,185
Total Foster Care (Title I-E)			<u>6,831,336</u>
Adoption Assistance	93.659	194-600-1347-A7	2,308,692
ARRA - Adoption Assistance	93.659	194-600-1347-A7	159,637
Total Adoption Assistance			<u>2,468,329</u>
Social Services Block Grant	93.667	194-600-1347-A7	1,082,518
Chafee Foster Care Independence Program	93.674	194-600-1347-A7	163,820
California Department of Child Support Services			
Child Support Enforcement	93.563	1-94600-1347-P-9	7,656,046
ARRA - Child Support Enforcement	93.563	1-94600-1347-P-9	307,698
Total Child Support Enforcement			<u>7,963,744</u>

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

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

<b>Federal Agency</b>			
<b>Pass-Through Agency</b>		<b>Agency</b>	
<b>Federal Program Title</b>	<b>CFDA</b>	<b>Pass-Through</b>	<b>Program</b>
	<b>Number</b>	<b>Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services (Continued)</b>			
Pass Through Programs (continued):			
California Department of Alcohol and Drug			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	2,480,490
California Department of Social Services			
Medical Assistance Program	93.778	194-600-1347-A7	13,897,551
ARRA - Medical Assistance Program	93.778	195-600-1347-A7	195,472
California Department of Mental Health			
Medical Assistance Program	93.778	N/A	3,128,684
California Department of Health Services			
Medical Assistance Program	93.778	15-15395	3,695,604
Total Medical Assistance Program			<u>20,917,311</u>
Subtotal - Pass Through Programs			<u>85,277,406</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>87,114,510</u>
<b>U.S. Department of Homeland Security</b>			
Pass Through Programs:			
California Emergency Management Agency			
Emergency Management Performance Grants	97.042	095-00000	251,153
State Homeland Security Grant Program (SHSP)	97.073	095-00000	440,535
Buffer Zone Protection Program (BZPP)	97.078	095-00000	193,916
<b>Total U.S. Department of Homeland Security</b>			<u>885,604</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 110,691,453</u></u>

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

**COUNTY OF SOLANO, CALIFORNIA**

Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

**NOTE 1 – GENERAL**

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County of Solano (the County). Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included on the SEFA. Expenditures funded by the American Recovery and Reinvestment Act of 2009 are denoted by the prefix “ARRA” in the federal program title.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying SEFA is presented using the modified accrual basis of accounting and the accrual basis of accounting for program expenditures accounted for in governmental funds and proprietary funds, respectively, as described in Note I of the County’s basic financial statements.

**NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information, and the Office of Management and Budget’s Catalog of Federal Domestic Assistance.

**NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying SEFA agree or can be reconciled with amounts reported in the related federal financial assistance reports.

**NOTE 5 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal award expenditures agree or can be reconciled with the amounts reported in the County’s basic financial statements.

**NOTE 6 – AMOUNTS PROVIDED TO SUBRECIPIENTS**

Of the federal expenditures presented in the SEFA, the County provided federal awards to subrecipients as follows:

Federal Program Title	CFDA Number	Program Expenditures
Section 8 Housing Assistance Payment Program	14.195	\$ 2,304,668
Employment Service/Wagner-Peyser Funded Activities	17.207	151,110
WIA Adult Program	17.258	11,559
WIA Youth Activities	17.259	95,000
WIA Dislocated Worker Formula Grants	17.278	17,133

The Honorable Board of Supervisors and the  
Grand Jury of the County of Solano, California

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California (County) as of and for the fiscal year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2011. Our report contained an explanatory paragraph discussing the County's adoption of the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. 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**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain other matters that we reported to management of the County in a separate letter dated December 21, 2011.

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

*Maciel Mini & O'Connell LLP*

Sacramento, California  
December 21, 2011

The Honorable Board of Supervisors and the  
Grand Jury of the County of Solano, California

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

**Compliance**

We have audited the County of Solano's, California (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material affect on each of the County's major federal programs for the fiscal year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in item 2011-01 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding eligibility that is applicable to the TANF Cluster (CFDA#93.558/93.714). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the County's major federal programs for the fiscal year ended June 30, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-02 and 2011-03.

## Internal Control Over Compliance

Management of the County 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-01 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-02 and 2011-03 to be significant deficiencies.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated December 21, 2011. Our report contained explanatory language describing the County's implementation of a new governmental accounting standard, which was effective July 1, 2010. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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

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

*Maciar Gini & O'Connell LLP*

Sacramento, California  
December 21, 2011

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2011

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**Section I – Summary of Auditor’s Results**

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Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified that are not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for major programs:	
TANF Cluster (CFDA#93.558/93.714)	Qualified
All other major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major programs:

Federal Program Cluster/Title	CFDA Number
JAG Program Cluster:	
Edward Byrne Memorial Justice Assistance Grant Program	16.738
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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**Section I – Summary of Auditor’s Results (Continued)**

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<u>Federal Program Title</u>	<u>CFDA Number</u>
WIA Cluster:	
WIA Adult Program	17.258
ARRA – WIA Adult Program	17.258
WIA Youth Activities	17.259
ARRA – WIA Youth Activities	17.259
WIA Dislocated Workers	17.260
ARRA – WIA Dislocated Workers	17.260
WIA Dislocated Worker Formula Grants	17.278
TANF Cluster:	
Temporary Assistance for Needy Families	93.558
ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714
Child Support Enforcement (includes ARRA)	93.563
Foster Care – Title IV-E (includes ARRA)	93.658
ARRA – Grants to Health Center Programs	93.703
 Dollar threshold used to distinguish between Type A and Type B programs:	 \$3,000,000
 Auditee qualified as low-risk auditee?	 Yes

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**Section II – Financial Statement Findings**

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None

COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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Section III – Federal Award Findings and Questioned Costs

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**Reference Number:** 2011-01  
**Federal Program Cluster/Titles:** TANF Cluster:  
Temporary Assistance for Needy Families  
ARRA – Emergency Contingency Fund for Temporary  
Assistance for Needy Families (TANF) State Program  
**Federal Catalog Numbers:** 93.558 and 93.714  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** California Department of Social Services  
**Federal Award Numbers and Year:** 194-600-1347-A7; 2010  
**Category of Finding:** Eligibility

**Criteria:**

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133)*, Subpart C – Federal Agencies and Pass-Through Entities, Section. 300 – Auditee Responsibilities

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

TITLE 45 – PUBLIC WELFARE, PART 25.55 – Requirements for requesting and furnishing eligibility and income information. A State plan under title I, IV-A, X, XIV, or XVI (AABD) of the Social Security Act must provide that:

- (a) Except as provided in paragraph (b), the State agency will request through the IEVS:
  - (1) Wage information from the SWICA for all applicants at the first opportunity following receipt of the application and for all recipients on a quarterly basis.
  - (2) Unemployment compensation information for the agency administering the State’s unemployment compensation program under section 3304 of the Internal Revenue Code of 1954 and section 303 of the Act as follows:
    - (i) For applicants at the first opportunity following receipt of the application and in each of the first three months in which the individual is receiving aid, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until benefits are exhausted; and
    - (ii) In each of the first three months following any recipient-reported loss of employment, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until the benefits are exhausted.

## COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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### Section III – Federal Award Findings and Questioned Costs (Continued)

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#### **Condition:**

During performance of testing over the eligibility requirements for the TANF Cluster, 40 active cases were reviewed and it was noted that there were 5 cases in which the County did not review information from the Income Eligibility and Verification System (IEVS) in order to help assist in the determination of eligibility and the appropriate level of assistance under the program. IEVS information contains primary and secondary social security pension data, as well as Medicaid, railroad retirement, and disability payments. It also contains earnings reported by employers on Internal Revenue Service (IRS) forms, primarily, the W-2 and 1099P. This includes regular wages, self-employment and agricultural earnings, and private and governmental pensions. The record will also contain Title II data including whether an individual is a primary or secondary beneficiary.

The County is required to request information from IEVS for all applicants at the first opportunity following receipt of the application and for all recipients on a quarterly basis. In the 5 cases reported above, there were instances where IEVS information has not been reviewed since March 2007.

Furthermore, during the review of the 40 active cases, it was also noted that there were 6 cases in which the County did not provide evidence to indicate that the appropriate review and approval of the required forms under the program took place. Specifically, we noted that four SAWS 2A, *Rights, Responsibilities and Other Important Information* forms, one SAWS 2, *Statement of Facts*, used as a multipurpose form to gather information necessary to determine eligibility for cash aid, food stamps, and/or Medi-Cal, and one SAWS 1, *Application for Cash Aid, Food Stamps, Medical Assistance and/or any General Assistance*, used as an internal application, were not signed by the applicants or eligibility workers.

The County eligibility workers are required to explain to applicants the program requirements and limitations, the applicant's rights and responsibilities, what s/he can expect from the agency and the types of different services that are being offered by the County. Furthermore, the above forms are required to be filled out by the applicant and printed out for applicant signature.

#### **Cause:**

Through discussion with management, it was noted that the County does not have a system to internally track the cases to ensure that applicable compliance requirements are being met.

#### **Effect:**

By not obtaining, reviewing and approving all of the required information and forms, the County has not fully adhered to internal policies and potentially has provided aid payments to applicants that are not eligible under program guidelines.

#### **Questioned Costs:**

Of the amounts tested, we determined that there was \$2,844 of known questioned costs.

#### **Context:**

The five cases in which the County did not review information from the Income Eligibility and Verification System (IEVS) represented \$2,844 of the \$23,051 tested. The total amount of aid payments for the current fiscal year was \$20,714,109 for the TANF Cluster.

## COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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### Section III – Federal Award Findings and Questioned Costs (Continued)

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#### **Recommendation:**

It is recommended that the County implement policies and procedures requiring supervisors to review their caseworkers assigned tasks on a normal basis as well as develop a mechanism to ensure that all relevant information is reviewed and approved as required by regulations.

#### **Management Response and Corrective Action:**

Solano County will implement a Corrective Action Plan to comply with the CalWORKS Program Single Audit that identified a need for corrective action in the following areas:

- Completion of all required signatures on the SAWS 1 (Application for Aid), SAWS 2 (Statement of Facts) and SAWS 2A (Rights and Responsibilities) and,
- Completion of Applicant IEVS at Redetermination.

The Corrective Action Plan is a concentrated effort on the part of the county to improve services by the correct application of regulations. Specific actions have been outlined to prevent these errors from recurring. Implementation of the corrective action will be accomplished through the Management Team and the CalWORKs Corrective Action Team (CCAT).

It is Solano County's policy that the SAWS 1 (Application for Aid), SAWS 2A (Rights and Responsibilities) and the SAWS 2 (Statement of Facts) forms be reviewed and signed appropriately. Caseworkers are required to:

- Review the SAWS 2A with the applicant or recipient to determine that it is understood
- Review the Statement of Facts for completeness
- Initiate the required case actions based upon information provided on the forms
- Ensure the forms have been signed and dated by the applicant or recipient
- Document the County Use Section, which requires the worker's signature and date

In addition, Applicant Income and Eligibility Verification System (IEVS) is required to be reviewed for CalWORKs at Application and Redetermination. Caseworkers are required to:

- Review the Applicant IEVS information and record results in CalWIN at every application
- Request and review Applicant IEVS from CalWIN at every Redetermination.
- Initiate case action as appropriate based upon information received from IEVS

A CCAT will be formed in January 2012 to study and make recommendations to improve performance. This team will be comprised of Management, Supervisors, Quality Assurance Staff and the CalWORKs Program Specialist who will meet monthly to monitor the CalWORKs Corrective Action Plan and provide ongoing support structure for the CalWORKs program.

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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**Section III – Federal Award Findings and Questioned Costs (Continued)**

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In addition, the CCAT will perform focused case reviews for an initial three (3) month period. This is to ensure that regulations are being adhered to and provide a measure of accountability for staff.

- A total of three (3) cases per month per worker will be selected to conduct focused reviews on the completion of SAWS1, 2, 2A and required signatures; and, three (3) cases per month per worker will be selected to conduct focused reviews on the applicant IEVS to continue for an initial three-month period and if accuracy is below 95% to follow up with another three month review period as above..

Supervisors will provide in-service training to line staff, which will include a “Back to Basics” curriculum, CalWIN processes, how to request an applicant/recipient IEVS, and mandated requirements for county forms to be signed and dated by the caseworker and applicant or recipient.

The Case Review Checklist was revised. The checklist is designed to monitor and track error trends.

- Case review information will be forwarded to the Management team for monitoring, assessment, and corrective action on a monthly basis.

Staff has been instructed to follow our existing CalWIN Policy and Procedures of processing IEVS applicant and recipient information.

Solano County is committed to improving the standards in regulatory application processes and requirements. On-going case review monitoring of application standards and in-service training are designed to improve standards in the CalWORKs program.

COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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**Section III – Federal Award Findings and Questioned Costs (Continued)**

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**Reference Number:** 2011-02  
**Federal Program Title:** Child Support Enforcement  
ARRA – Child Support Enforcement  
**Federal Catalog Number:** 93.563  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** California Department of Child Support Services  
**Federal Award Number and Year:** 1-94600-1347-P-9; 2010  
**Category of Finding:** Special Tests and Provisions – Establishment of Paternity and Support Obligations

**Criteria:**

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133)*, Subpart C – Federal Agencies and Pass-Through Entities, Section. 300 – Auditee Responsibilities

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

TITLE 22 – SOCIAL SECURITY, DIVISION 13 – DEPARTMENT OF CHILD SUPPORT SERVICES, CHAPTER 6 – ENFORCEMENT ACTIONS, SUBCHAPTER 6.1 – IMMEDIATE ENFORCEMENT ACTIONS, ARTICLE 1 – INCOME WITHHOLDING ORDERS, Section 116100 – Preparing and Serving an Income Withholding Order – General Requirements and Timeframes

- (C) An income withholding order and the documents specified in subsection (b) shall be served on an obligor’s employer:

- (1) Within 15 days of the following:

- (A) The date the support order is received by the local child support agency, if the address of the obligor’s employer is known on that date.

- (2) Within two business days after the date information regarding a newly hired employee is entered into the State Directory of New hires.

TITLE 45 – PUBLIC WELFARE, PART 303.32 – NATIONAL MEDICAL SUPPORT NOTICE, SUBPART C

- (2) The State agency must transfer the NMSN to the employer within two business days after the date of entry of an employee who is an obligor in a IV-D case in the State Directory of New Hires.

COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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**Section III – Federal Award Findings and Questioned Costs (Continued)**

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TITLE 45 – PUBLIC WELFARE, PART 303.4 – ESTABLISHMENT OF SUPPORT OBLIGATIONS

- (a) When necessary, establish paternity pursuant to the standards of §303.5;
- (d) Within 90 calendar days of locating the alleged father or noncustodial parent, regardless of whether paternity has been established, establish an order for support or complete service of process necessary to commence proceedings to establish a support order and, if necessary, paternity (or document unsuccessful attempts to serve process, in accordance with the State's guidelines defining diligent efforts under §303.3(c)).

2010 CALIFORNIA CODE: FAMILY CODE, DIVISION 13, ADOPTION, CHAPTER 2 – CHILD SUPPORT ENFORCEMENT, ARTICLE 1 – SUPPORT OBLIGATIONS, Section 17401

If the parent who is receiving support enforcement services provides to the local child support agency substantial, credible, information regarding the residence or work address of the support obligor, the agency shall initiate an establishment or enforcement action and serve the defendant, if service is required, within 60 days and inform the parent in writing when those actions have been taken. If the address or any other information provided by the support obligee is determined by the local child support agency to be inaccurate and if, after reasonable diligence, the agency is unable to locate and serve the support obligor within that 60-day period, the local child support agency shall inform the support obligee in writing of those facts. The requirements of this section shall be in addition to the time standards established by the Department of Child Support Services pursuant to subdivision (l) of Section 17400.

**Condition:**

During performance of testing over the special tests and provisions requirements for the Child Support Enforcement program, 40 active cases were reviewed and it was noted that there was 1 case in which the County did not serve the National Medical Support Notice (NMSN) within 15 days of receipt of the court order or attempt to secure medical support information and establish and enforce medical support obligations for the individual eligible. The Local Child Support Agency (LCSA) must serve the employer the NMSN within 2 business days of intercept of the new employee information from the National Directory of New Hires (NDHN) or 15 calendar days (if by another source) of the date an employer was known. Furthermore during our testing of the 40 active cases, we identified 2 cases in which the County did not attempt to establish paternity and support obligations within the 60 or 90 day timeframe. When paternity is at issue, the (LCSA) is required to attempt to establish paternity. They must attempt to establish paternity within 60 calendar days of receiving information from the custodian parent or 90 calendar days of receiving information through a source other than the custodian parent. The LCSA must complete service of process or document unsuccessful attempts to serve process in accordance with guidelines defining diligent efforts.

**Cause:**

Through discussions with management, it was noted that the County does not have a system to internally track the cases to ensure compliance requirements are being met. The only way the County can track cases is through the state-wide child support system (CCSAS-CSE), which alerts caseworkers of upcoming deadlines on their assigned cases based on compliance requirements (deadlines). In these two instances, the deadlines were missed.

**COUNTY OF SOLANO, CALIFORNIA**

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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**Section III – Federal Award Findings and Questioned Costs (Continued)**

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**Effect:**

The County is exposed to missing compliance requirement deadlines and possibly grantor sanctions.

**Questioned Costs:**

There are no known questioned costs.

**Recommendation:**

It is recommended that the County implement policies and procedures requiring supervisors to review their caseworkers' assigned tasks within the CCSAS-CSE system on a normal basis.

**Management Response and Corrective Action:**

The Department acknowledges that the NMSN was not served within the required timeframe. Furthermore, the Department also acknowledges that Service of Process was not attempted within the 60 or 90-day required timeframe. The Department will implement policies and procedures to ensure that both delivery of the NMSN and Service of Process is attempted within the required timeframe.

COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2011-03
Federal Program Title: Foster Care (Title IV-E)
ARRA – Foster Care (Title IV-E)
Federal Catalog Number: 93.658
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Entity: California Department of Social Services
Federal Award Number and Year: 194-600-1347-A7; 2010
Category of Finding: Allowable Costs

Criteria:

OMB Circular A-133 Sec .105 – Internal Control Pertaining to the Compliance Requirements for Federal Programs

Internal control over Federal programs means a process--affected by an entity's management and other personnel--designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs:

- (1) Transactions are properly recorded and accounted for to:
(i) Permit the preparation of reliable financial statements and Federal reports;
(ii) Maintain accountability over assets; and
(iii) Demonstrate compliance with laws, regulations, and other compliance requirements;
(2) Transactions are executed in compliance with:
(i) Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and
(ii) Any other laws and regulations that are identified in the compliance supplement; and
(3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

OMB Circular OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments". The individual State/local departments or agencies (also known as operating agencies) are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the department or agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with A-87.

- (a) Be necessary and reasonable for the performance and administration of Federal awards
(b) Be allocable to Federal awards under the provisions of A-87.
(c) Be authorized or not prohibited under State or local laws or regulations.
(d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
(e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
(f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
(g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.
(h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.
(i) Be net of all applicable credits. (Refer to A-87, Attachment A, paragraph C.4 for additional information on applicable credits.)
(j) Be adequately documented.

## COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011

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### **Section III – Federal Award Findings and Questioned Costs (Continued)**

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#### **Condition:**

During testing of the indirect cost rate plan, it was noted that management was not able to provide supporting documentation for an amount of \$329,976, which was represented to be an allocation of pension obligation bonds (POB) repayment. As a result of additional research by management, it was determined that the POB repayment amount was already considered and allocated as part of the overhead/administration support costs and should not have been re-allocated under a separate POB repayment line item. This resulted in a double claiming of expenditures, resulting in a higher indirect cost rate, which caused an overstatement of indirect costs submitted for reimbursement from the awarding agency.

#### **Cause:**

There is no indication that a review of amounts used to calculate the department's indirect cost rate for overhead/administration support was conducted during the year. As a result, the consideration of POB repayment was not detected and included twice when determining the indirect cost rate for overhead/administration support for the current year.

#### **Effect:**

During the first three quarters of year, the County claimed program expenditures in excess of allowable costs by incorrectly including POB repayments in the calculation of the indirect cost rate.

#### **Questioned Costs:**

For the first three quarters there was a total questioned cost of \$5,274, however, as a result of the discovery of the issue, management has since corrected the 4<sup>th</sup> quarter claim, and reduced the amount claimed in the 4<sup>th</sup> quarter by amounts over-claimed in the first three quarters.

#### **Recommendation:**

It is recommended that management implement policies and procedures to ensure all indirect cost rate calculations are reviewed and approved by someone independent of the preparation process to ensure accuracy in calculation.

#### **Management Response and Corrective Action:**

Probation agrees with the preliminary finding regarding questioned costs resulting from use of its indirect cost rate (ICR). In response, Probation revised its ICR, recalculated allowable costs for quarters 1 through 3 and determined the claimed cost overage. Probation then used the revised ICR to complete the 4<sup>th</sup> quarter claim, adjusting its 4<sup>th</sup> quarter allowable costs by the overage. As a result, the total fiscal year costs claimed were allowable. Going forward, Probation will work annually with the Auditor-Controller's Property Tax-Grants Division to review and approve Probation's ICR used for Title IV-E claiming.

## COUNTY OF SOLANO, CALIFORNIA

### Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2011

Financial Statement Finding Reference: 2010-01

**Criteria:**

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Furthermore, pursuant to Subpart C, section .300(d) of Office of Management and Budget (OMB) Circular A-133, *Audits, of States, Local Governments, and Non-Profit Organizations*, “the auditee shall prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with section .310.”

**Condition:**

While conducting our audit, we noted that the Department of Resource Management (Department) experienced some difficulties in identifying and accurately reporting the federally funded portion of expenditures incurred for the Highway Planning and Construction program for the year ended June 30, 2010. As a result of our audit procedures, we noted that expenditures, as originally reported by the County in the amount of \$5,271,460, were understated by \$948,166. The understatement represented nearly 15% of the total program expenditures of \$6,219,626 reported in the SEFA for the Highway Planning and Construction program.

**Cause:**

Based upon our observation, it appears that due to the recent transfers of employees between County departments, there was a misunderstanding concerning the methodology for identifying and measuring federal funded expenditures incurred during the year, due to the multiple funded nature of the Highway Planning and Construction program.

**Effect:**

The County exposes itself to the risk of inaccurately preparing the SEFA in accordance with the requirements of OMB Circular A-133 by not properly reporting all federal program expenditures that could result in the misidentification of major programs.

**Recommendation:**

While federal funds are a valuable source of revenue for the County, the receipt of federal funds imposes very specific and stringent reporting requirements that can be complicated and consume considerable staff time related to administration and monitoring. Based on our finding, we recommend that the Department develop written policy and procedures which documents the process for measuring and reporting federal expenditures as it pertains to the SEFA pursuant to the requirements of OMB Circular A-133. Furthermore, all fiscal and engineering staff within the Department that work with federally reimbursed projects should be trained on the new policies and implementation of the procedures. The new policies and procedures should provide current and new staff with the proper guidelines on the reporting requirements and provide a framework for ensuring consistency and continuity in the identification and reporting of federal award expenditures for future reporting periods. The County Auditor-Controller’s Office should be consulted to assist with the development of the procedures.

## COUNTY OF SOLANO, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)  
For the Fiscal Year Ended June 30, 2011

### **Management's Responses and Correction Action Plan:**

The Department agrees that changes are needed in our current procedures to ensure accurate reporting in the future. The Department has begun steps to implement the requested changes in our reporting methodology. The Department will be working with the Auditor-Controller's Office to ensure that the new procedures meet the current Federal reporting requirements.

The procedure the Department has developed will be implemented and the staff will be trained on the new SEFA reporting procedure. The Department has also created a checklist that will be utilized to capture all year end entries related to the Road Fund, thereby ensuring the proper identification of federally funded expenditures for reporting in the County's SEFA.

### **Status**

The Solano County Department of Resource Management, Public Works Division, has implemented a revision to their Policy and Procedures Manual. This revision changed SEFA reporting procedures and the year-end accrual process for federal expenditures and revenue. This issue is deemed to be resolved.