

COUNTY OF SOLANO, CALIFORNIA

Single Audit Reports
(OMB Circular A-133)

For the Fiscal Year Ended June 30, 2012

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

For the Fiscal Year Ended June 30, 2012

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COUNTY OF SOLANO, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

Federal Agency			Agency	
Pass-Through Agency	CFDA		Pass-Through	Program
Federal Program Title	Number		Number	Expenditures
U.S. Department of Agriculture				
Direct Programs:				
Farmers' Market Promotion Program	10.168		N/A	\$ 24,153
Pass Through Programs:				
California Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025		11-8520-1317-CA	22,718
Plant and Animal Disease, Pest Control, and Animal Care	10.025		11-8520-0934-GR	40,520
Plant and Animal Disease, Pest Control, and Animal Care	10.025		11-8500-0484-CA	56,573
Plant and Animal Disease, Pest Control, and Animal Care	10.025		11-8520-1164-CA	59,873
Plant and Animal Disease, Pest Control, and Animal Care	10.025		11-8523-0572-CA	37,933
Total Plant and Animal Disease, Pest Control, and Animal Care				<u>217,617</u>
Specialty Crop Block Grant Program	10.170		SCB11036	<u>2,683</u>
California Department of Education				
School Breakfast Program	10.553		48-10488-6051569-01	61,612
National School Lunch Program	10.555		48-10488-6051569-01	95,323
Total Child Nutrition Cluster (10.553 and 10.555)				<u>156,935</u>
California Department of Public Health				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		4260	2,359,334
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		4260	269,269
California Department of Social Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		1946001347-A7	5,232,806
Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program				<u>5,502,075</u>
Subtotal - Pass Through Programs				<u>8,238,644</u>
Total U.S. Department of Agriculture				<u>8,262,797</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Section 8 Housing Assistance Payments Program	14.195		N/A	2,200,488
Community Development Block Grant/Entitlement Grants	14.218		N/A	423,716
Supportive Housing Program	14.235		N/A	467,306
Economic Development Initiative-Special Project	14.251		N/A	184,897
Subtotal Direct Programs				<u>3,276,407</u>
Pass Through Programs:				
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	105,632
Home Investment Partnerships Program	14.239		10-HOME-6860	7,490
California Department of Public Health				
Housing Opportunities for Persons with AIDS	14.241		4260	425,761
Subtotal - Pass Through Programs				<u>538,883</u>
Total U.S. Department of Housing and Urban Development				<u>3,815,290</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, 2012

Federal Agency			
Pass-Through Agency	CFDA	Agency	Program
Federal Program Title	Number	Pass-Through	Expenditures
		Number	
U.S. Department of Interior			
Direct Program			
Coastal Impact Assistance Program (CIAP)	15.426	N/A	\$ 22,391
Total U.S. Department of Interior			22,391
U.S. Department of Justice			
Direct Programs:			
Law Enforcement Assistance - Narcotics and Dangerous Drugs - Laboratory Analysis	16.001	N/A	122,723
Supervised Visitation, Safe Havens for Children	16.527	N/A	60,416
Drug Court Discretionary Grant Program	16.585	N/A	14,878
Edward Byrne Memorial State and Local Law Enforcement Assistance	16.580	N/A	1,673
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	233,083
State Criminal Alien Assistance Program	16.606	N/A	283,406
Bulletproof Vest Partnership Program	16.607	N/A	3,060
Public Safety Partnership and Community Policing Grants	16.710	N/A	147,104
Second Chance Act Prisoner Reentry Initiative	16.812	N/A	329,405
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	843
Subtotal - Direct Programs			<u>1,196,591</u>
Pass Through Programs:			
California Emergency Management Agency			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC11240480	250,636
Suisun City			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3139	4,238
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>255,717</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	ZP09010480 & ZM9010480	4,074
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	095-00000	72,076
Total Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories			<u>76,150</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804	ZA09010480	112,040
JAG Program Cluster (16.738, 16.803, and 16.804)			<u>443,907</u>
California Emergency Management Agency			
Juvenile Accountability Block Grants	16.523	CSA 103-07/CSA 103-10	50,142
Crime Victim Assistance	16.575	VW10290480	125,641
Subtotal - Pass Through Programs			<u>618,847</u>
Total U.S. Department of Justice			1,815,438

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, 2012

Federal Agency			
Pass-Through Agency	CFDA	Agency	Program
Federal Program Title	Number	Pass-Through	Expenditures
U.S. Department of Labor		Number	
Pass Through Programs:			
California Employment Development Department			
WIA Adult Program	17.258	K074176	\$ 91,320
WIA Adult Program	17.258	K178695	815,366
WIA Adult Program	17.258	K282509	821,579
Total WIA Adult Program			<u>1,728,265</u>
WIA Youth Activities	17.259	K178695	179,877
WIA Youth Activities	17.259	K282509	854,735
Total WIA Youth Activities			<u>1,034,612</u>
WIA Dislocated Workers	17.260	K074176	290,687
ARRA - WIA Dislocated Workers	17.260	K074176	145,784
Total WIA Dislocated Workers			<u>436,471</u>
WIA National Emergency Grants	17.277	K178695	75,236
WIA Dislocated Worker Formula Grants	17.278	K178695	400,835
WIA Dislocated Worker Formula Grants	17.278	K282509	1,255,573
Total WIA Dislocated Workers			<u>1,656,408</u>
Total WIA Cluster (17.258, 17.259, 17.260, 17.277, and 17.278)			<u>4,930,992</u>
Total U.S. Department of Labor			<u>4,930,992</u>
U.S. Department of Transportation			
Direct Program:			
Airport Improvement Program	20.106	N/A	121,298
Pass Through Programs:			
California Department of Transportation			
Highway Planning and Construction	20.205	5923	4,171,910
ARRA - Highway Planning and Construction	20.205	5923	6,599
Total Highway Planning and Construction			<u>4,178,509</u>
California Office of Traffic Safety (OTS)			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL 1186 Solano	10,989
California Department of Public Health			
Child Safety and Child Booster Seats Incentive Grants	20.613	4260	52,203
Subtotal - Pass Through Programs			<u>4,241,701</u>
Total U.S. Department of Transportation			<u>4,362,999</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, 2012

Federal Agency Pass-Through Agency Federal Program Title	CFDA Number	Agency Pass-Through Number	Program Expenditures
National Endowment for the Humanities			
Pass Through Programs:			
California State Library Grants to States	45.310	LS-00-10-0006-11	\$ 2,590
Total National Endowment for the Humanities			<u>2,590</u>
U.S. Department of Education			
Pass Through Programs:			
California Department of Rehabilitation Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	not available	<u>40,851</u>
Total U.S. Department of Education			<u>40,851</u>
U.S. Department of Health and Human Services			
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	914,768
Drug-Free Communities Support Program Grants	93.276	N/A	118,094
Child Abuse and Neglect Discretionary Activities	93.670	N/A	2,685
ARRA - Grants to Health Center Programs	93.703	N/A	1,684,514
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	<u>360,201</u>
Subtotal - Direct Programs			<u>3,080,262</u>
Pass Through Programs:			
California Department of Public Health			
Public Health Emergency Preparedness	93.069	4260	547,009
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	4260	88,389
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	4260	36,491
Immunization Grants	93.268	4260	118,290
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	4260	1,068,765
National Bioterrorism Hospital Preparedness Program	93.889	4260	302,414
HIV Care Formula Grants	93.917	4260	254,830
HIV Prevention Activities - Health Department Based	93.940	4260	172,903
Preventative Health and Health Services Block Grant	93.977	4260	100
Maternal and Child Health Services Block Grant to the States	93.994	4260	2,743,638
California Department of Health Care Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	not available	42,158
Block Grants for Community Mental Health Services	93.958	not available	152,253
California Department of Social Services			
Guardian Assistance	93.090	194-600-1347-A7	5,880
Promoting Safe and Stable Families	93.556	194-600-1347-A7	283,898
Temporary Assistance for Needy Families (TANF)	93.558	194-600-1347-A7	29,496,881
Refugee and Entrant Assistance - State Administered Programs	93.566	194-600-1347-A7	6,577
Child Welfare Services - State Grants	93.645	194-600-1347-A7	184,619
Foster Care (Title IV-E)	93.658	194-600-1347-A7	7,551,987
Adoption Assistance	93.659	194-600-1347-A7	2,345,563
Social Services Block Grant	93.667	194-600-1347-A7	1,635,729
Chafee Foster Care Independence Program	93.674	194-600-1347-A7	160,605
California Department of Child Support Services			
Child Support Enforcement	93.563	1-94600-1347-P-9	8,050,206

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, 2012

Federal Agency Pass-Through Agency Federal Program Title	CFDA Number	Agency Pass-Through Number	Program Expenditures
U.S. Department of Health and Human Services (Continued)			
Pass Through Programs (continued):			
California Department of Alcohol and Drug Programs Block Grants for Prevention and Treatment of Substance Abuse	93.959	not available	\$ 2,358,997
California Department of Social Services Medical Assistance Program	93.778	194-600-1347-A7	12,198,376
California Department of Health Care Services Medical Assistance Program	93.778	not available	4,353,123
Total Medical Assistance Program			16,551,499
Subtotal - Pass Through Programs			74,159,681
Total U.S. Department of Health and Human Services			77,239,943
U.S. Department of Homeland Security			
Pass Through Programs:			
California Emergency Management Agency Emergency Management Performance Grants	97.042	095-00000	201,834
Homeland Security Grant Program	97.067	095-00000	1,276,102
Buffer Zone Protection Program (BZPP)	97.078	095-00000	193,956
Total U.S. Department of Homeland Security			1,671,892
Total Expenditures of Federal Awards			\$ 102,165,183

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, 2012

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:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>
Section 8 Housing Assistance Payment Program	14.195	\$ 2,200,488
Community Development Block Grants/State’s Program	14.218	423,716
Supportive Housing Program	14.235	467,306
WIA Adult Program	17.258	6,284
WIA Youth Activities	17.259	928
WIA Dislocated Worker Formula Grants	17.278	17,297
Total		<u>\$ 3,116,019</u>

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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2012. Our report contained explanatory language describing our reliance upon the report of other auditors for the Solano County Fair. 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 followed up on the status of prior year matters reported to management of the County of Solano in a separate letter dated December 28, 2012.

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.

Macinnis & O'Connell LLP

Sacramento, California
December 28, 2012

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, 2012. 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.

In our opinion, 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is 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 item 2012-01.

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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-01. *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.

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, 2012, and have issued our report thereon dated December 28, 2012. Our report contained explanatory language describing our reliance upon the report of other auditors for the Solano County Fair. 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 finding 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.

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.

Maciea Meini & O'Connell LLP

Sacramento, California
January 15, 2013, except for the Schedule
of Expenditures of Federal Awards as to
which the date is December 28, 2012

COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

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?	No
• Significant deficiencies identified that are not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for 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
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561
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
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Foster Care – Title IV-E	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?	No

COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2012

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2012-01
Federal Program Title: Temporary Assistance for Needy Families
Federal Catalog Number: 93.558
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Entity: California Department of Social Services
Pass-Through Number and Year: 194-600-1347-A7; 2011
Category of Finding: Special Tests and Provisions

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 205.55 – 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, 2012

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

Condition:

It was noted that there were 8 cases in which there was no documentation that the County reviewed information from the Income Eligibility and Verification System (IEVS) used to help assist in the determination of the appropriate level of assistance under the program. The 8 noted cases were determined to have the appropriate level of assistance based upon subsequent review of IEVS performed for the audit.

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 8 cases reported above, there was no documentation that the IEVS information had been reviewed as far back as June 2008.

Cause:

Through discussion with management, it was noted that the County did not have a system to internally track the cases to ensure that applicable compliance requirement was being met prior to January 2012. This is a continued finding from FY 2011/12, finding 2011-01. As a result of the prior year finding, management implemented a process in January 2012 to ensure the compliance requirement is being met. Per review of the testing, it appears that 7 of 8 cases had redetermination dates prior to the implementation of the new process.

Effect:

The County has not fully adhered to the internal policies and potentially could provide aid payments to applicants that are not eligible under the program guidelines.

Questioned Costs:

Since it was subsequently determined that the appropriate level of assistance was provided in the 8 noted cases, there are no questioned costs.

Recommendation:

We recommend the County continue with the newly implemented 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 documented.

Management Response and Corrective Action:

While there may not have been accurate documentation of the applicant IEVS review at redetermination in 8 of these cases, staff established eligibility correctly, ensuring that the appropriate assistance was provided, without any over or underpayments. However, the County does intend to continue the supervisor reviews and reminding staff to review and document applicant IEVS at redetermination.

COUNTY OF SOLANO, CALIFORNIA

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2012

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 205.55 – 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

Summary Schedule of Prior Audit Findings (Continued) For the Fiscal Year Ended June 30, 2012

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.

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.

COUNTY OF SOLANO, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued) For the Fiscal Year Ended June 30, 2012

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.

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.

COUNTY OF SOLANO, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued) For the Fiscal Year Ended June 30, 2012

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.

Status:

The Solano County Department of Health & Human Services – CalWORKS division, formed CCAT effective January 1, 2012, implementing policies and procedures to ensure the completions of all required signatures on the SAWS1 (Application for Aid), SAWS 2 (Statement of Facts) and SAWS 2A (Rights and Responsibilities) and the completion of Applicant IEVS at Redetermination. Upon testing of the program in FY 2011/12, the completion of the required signatures for SAWS 1, SAWS 2, SAWS 2A was met, therefore this part of the condition has been resolved. However, see finding 2012-01 for continuation of the IEVS part of the condition.

COUNTY OF SOLANO, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2012

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

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2012

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.

Effect:

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

COUNTY OF SOLANO, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2012

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.

Status:

The Solano County Child Support Services Department implemented policies and procedures to ensure the delivery of the NMSN and Service of Process is attempted in required timeframe. This condition was tested in PY 2011-12 without exception, therefore this condition is considered resolved.

COUNTY OF SOLANO, CALIFORNIA

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2012

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

Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2012

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 the 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 4th quarter claim, and reduced the amount claimed in the 4th 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 4th quarter claim, adjusting its 4th 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.

Status:

The Solano County Department of Probation worked with Auditor-Controller's Property Tax-Grants Division and reviewed and approved the Probation's ICR used for Title IV-E claiming in FY 11/12. Based on testing of the program in FY 2011/12, this issue is considered resolved.