

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

*Agenda*



**FROM:** County Auditor-Controller

**SUBMITTAL DATE:**  
April 20, 2011

**SUBJECT:** Single Audit Report for Fiscal Year ending June 30, 2010.

**RECOMMENDED MOTION:** Receive and file the attached Single Audit Report prepared by Brown Armstrong Accountancy Corporation.

**BACKGROUND:** The Single Audit Act requires the County to have an independent audit to determine whether it complied with laws, regulations, contracts and grants applicable to its major Federal programs. The attached report includes audit opinions resulting from Single Audit as follows:

- 1) 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;  
and,
- 2) Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.

*Paul Angulo*

Paul Angulo, CPA, MA  
County Auditor-Controller

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

<b>SOURCE OF FUNDS:</b> N/A	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

BY: *Karen L. Johnson*  
Karen L. Johnson

**County Executive Office Signature**

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:  
Per Exec. Ofc.:

**Prev. Agn. Ref.:**      **District:** ALL      **Agenda Number:** 2.11

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

**Form -11 - Single Audit Report for the Year ended June 30, 2010**  
**April 5, 2011**  
**Page 2**

The audit concluded that the county complied, in all material respects, with the requirements established by the Office of Management and Budget Circular A-133 for its major Federal programs, for the year ended June 30, 2010.

No material weakness or material non-compliance was identified in the Single Audit Report.

**COUNTY OF RIVERSIDE,  
CALIFORNIA**

**SINGLE AUDIT REPORT**

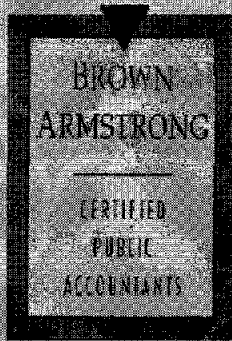
**FOR THE YEAR ENDED JUNE 30, 2010**

**COUNTY OF RIVERSIDE, CALIFORNIA  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**

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

Board of Supervisors  
County of Riverside, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Riverside, California, (County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 1, 2010. Our report was modified to include a reference to other auditors. Also our report included an explanatory paragraph regarding the County's adoption of the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Riverside County Flood Control and Water Conservation District (Flood Control District), Housing Authority of the County of Riverside (Housing Authority), Riverside County Regional Park and Open-Space District (Park District), Perris Valley Cemetery District (the Cemetery District), County of Riverside Redevelopment Agency (RDA), and the Children and Families First Commission of Riverside County (the Commission), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2010-01 through 2010-02, that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

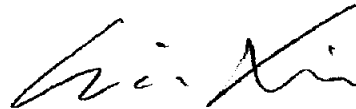
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances of noncompliance or other matters are listed in the accompanying Schedule of Findings and Questioned Costs as items 2010-01 through 2010-08.

We noted certain matters that we reported to management of the County in a separate letter dated December 1, 2010.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

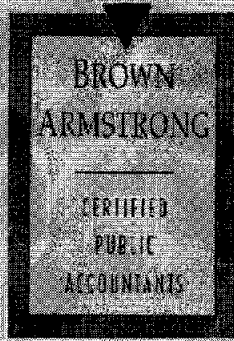
This report is intended solely for the information and use of the Board of Supervisors, County management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
December 1, 2010

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Burton H. Armstrong, CPA, MST  
Andrew J. Paulden, CPA  
Steven R. Starbuck, CPA  
Chris M. Thornburgh, CPA  
Eric H. Xin, CPA, MBA  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS, THE SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT  
AGENCY (CalEMA) AND CORRECTIONS STANDARDS AUTHORITY GRANTS, AND THE  
SUPPLEMENTAL PROGRAMS SCHEDULE FOR OFFICE ON AGING GRANTS**

Board of Supervisors  
County of Riverside, California

Compliance

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

The County's basic financial statements include the operations of the Housing Authority of the County of Riverside (Housing Authority), a component unit of the County which received \$77,915,313 in Federal awards. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the County, except for the Federal awards granted to the Housing Authority, which is separately audited and reported on in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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 requirements referred to above that could have a direct and material effect on each of the County's major Federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items 2010-03 through 2010-08.

### Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing our opinion on the effectiveness of the County's 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 internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is reasonable possibility that a 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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2010-03 through 2010-08. A *significant deficiency* in internal control over compliance is a deficiency, or 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 and Supplemental Schedules

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Riverside, California, (County) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 1, 2010. Our report included an explanatory paragraph regarding the County's adoption of the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010. We did not audit the financial statements of the Riverside County Flood Control and Water Conservation District (Flood Control District), Housing Authority of the County of Riverside (Housing Authority), Riverside County Regional Park and Open-Space District (Park District), Perris Valley Cemetery District (the Cemetery District), County of Riverside Redevelopment Agency (RDA), and the Children and Families First Commission of Riverside County (the Commission) for the year ended June 30, 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Flood Control District, Housing Authority, Park District, Cemetery District, RDA, and the Commission are based on the reports of the other auditors. 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, Supplemental Schedule of California Emergency Management Agency (CalEMA) and Corrections Standards Authority Grants, and Supplemental Programs Schedule for Office on Aging Grants are presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the California Emergency Management Agency (CalEMA) and Corrections Standards Authority; and the California State Department of Aging, respectively, and are 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
December 1, 2010

**COUNTY OF RIVERSIDE, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through U.S. Forest Service</i>			
Cannabis	10.000	06-LE-1105-1360-029	\$ 23,958
State Fire Assistance Funds for Cooperative Forestry Assistance	10.664	08-DG-11051200-030	237,784
Mountain Area Task Force (MAST) Dead Tree Utilization and Disposal Program	10.672	04-DG-11052021-041	385,861
Forest Health Protection	10.680	04-DG-11051200-029	115,829
ARRA: Wildland Fire Management	10.688	09-DG-11059702-011	51,397
<i>Passed Through California Department of Social Services</i>			
State Administrative Matching Grants for Food Stamp Program	10.561*	Riverside County	16,536,028
ARRA: State Administrative Matching Grants for Food Stamp Program	10.561*	Riverside County	445,248
Subtotal			16,981,276
<i>Passed Through California Department of Education</i>			
National School Lunch Program	10.555	33-34330-9003740-01	703,304
<i>Passed Through California Department of Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557*	99-85741; 00-90897	10,743,559
<i>Passed Through California Department of Food and Agriculture</i>			
Senior Farmers Market Nutrition Program	10.576	Riverside County	35,000
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>29,277,968</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Direct Programs</i>			
Community Development Block Grants (CDBG) /Entitlement Grants	14.218*	301-1000087	11,748,182
CDBG/Entitlement Program - Neighborhood Stabilization Program	14.218*	301-1000087	32,077,143
ARRA: Community Development Block Grants/Entitlement Grants	14.253*	301-1000087	595,199
Subtotal - CDBG/Entitlement Grants Cluster			44,420,524
Emergency Shelter Grants Program	14.231	301-1000087; 6.57-09 ESG; CA7344; CA 16B608004; CA7343; CA16B708003; CA7443; CA16B708016; CA7341; CA16B308002	775,641
Supportive Housing Program	14.235	CA 16B708005	4,754,498
Shelter Plus Care	14.238	N/A	324,156
Home Investment Partnerships Program	14.239	301-1000087	1,364,823
ARRA: Homelessness Prevention and Rapid Rehousing	14.257*	301-1000087	664,264
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	CALHR 0107-98	902,560
Healthy Homes Demonstration Grants	14.901	N/A	412,055
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>53,618,521</b>

[1] N/A – Not Available  
\* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Programs</i>			
Solving Cold Cases with DNA	16.560	2008-DN-BX-K006; 2009-DN-BX-K031	504,400
Violence Against Women Formula Grant	16.590	2005WEAX0105	484,231
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	895,690
Bulletproof Vest Partnership Program	16.607	BVP2009	35,199
COPS Methamphetamine Initiative	16.710*	2008-CKWX-0505	224,101
ARRA: COPS Hiring Recovery Program	16.710*	2009RJWX0015	4,218,849
Subtotal			4,442,950
Justice Assistance Formula Grant	16.738	JAG 2007-DJ-BX-0456; JAG 2009-DJ-BX-0214; JAG 2008 DJ-BX-0161	166,602
Asset Forfeiture	16.999	N/A	325,263
<i>Passed Through Drug Enforcement Agency</i>			
Cannabis Eradication Program	16.XXX	2009-38/2010-41	62,033
<i>Passed Through United States Marshal</i>			
Regional Fugitive Task Force	16.XXX	FATF-09-0092	5,883
<i>Passed Through Federal Bureau of Investigations</i>			
Inland Regional Apprehension Team	16.XXX	Riverside County	18,946
Gang Impact Team	16.XXX	281D LA 223769	19,991
Organized Crime Drug Enforcement Task Force	16.XXX	SW-CAC-1047	7,307
Subtotal			46,244
<i>Passed Through California Emergency Management Agency, Corrections Standard Authority</i>			
Juvenile Accountability Block Grants	16.523	CSA-155-09	49,920
Special Emphasis Assistance Program	16.575	SE 09120330	110,000
Victim Witness Assistance Program	16.575	VW 09280330	385,887
Subtotal			495,887
Violence Against Women Formula Grants	16.588*	PU 09070330	124,855
Violence Against Women - Vertical Prosecution	16.588*	VV 09010330	200,000
ARRA: Victim Witness - VAWA Stimulus	16.588*	RV 09010330	24,461
Sexual Assault Specialized Response Unit	16.588*	SU 09010330	131,665
Subtotal			480,981
Residential Substance Abuse Treatment Program Grant	16.593	RT 091010330	125,719
Project Safe Neighborhood - Anti-Gang Initiative	16.609	US 08010330; US 09A20330	40,000
Federal Anti-Drug Abuse Program	16.738	DC 09200330	1,178,126
Anti-Gang Initiative	16.744	AG 07020330	2,713
ARRA: Victim Witness Assistance - VOCA Stimulus	16.801	VS 09010330	36,318
ARRA: Multi-Jurisdictional Methamphetamine Recovery Act	16.804*	ZM 09010330	9,871
ARRA: Evidence Based Probation Supervision Recovery Act Program	16.804*	ZP 09010330	132,936
<i>Direct Program</i>			
ARRA: Justice Assistance Grant	16.804*	2009-SB-B9-0493	380,114
Subtotal			522,921
<i>Passed Through Bureau of Justice Assistance</i>			
KIOSK System Project	16.573	2009 D1 BX 0043	118,130
<i>Passed Through Office of Victim Crimes</i>			
VOCA National Crime	16.582	09-06-173	4,995
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>10,026,205</b>

[1] N/A – Not Available

\* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
<i>Direct Programs</i>			
High Intensity Drug Trafficking Area 08 (INCH, INCA, RMTF combined)	95.001	18PLAP540Z	528,230
High Intensity Drug Trafficking Area 09 (INCH, INCA, RMTF combined)	95.001	G09LA0007A	<u>544,093</u>
<b>TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			<b><u>1,072,323</u></b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through California Employment Development Department</i>			
ARRA: Employment Service - Wagner/Peyser Funded Activities	17.207	144, 145	<u>510</u>
Workforce Investment Act (WIA) Disability Navigator Grant	17.261	739, 441	<u>151,837</u>
Workforce Investment Act (WIA) National Emergency Grant	17.277	762	<u>24,996</u>
Workforce Investment Act (WIA) Adult Program	17.258*	201, 202, 442	9,002,656
ARRA: Workforce Investment Act (WIA) Adult Program	17.258*	102, 122	<u>3,670,507</u>
<i>Passed Through College of the Desert</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	693	<u>11,126</u>
<i>Passed Through Mt. San Jacinto Community College</i>			
Workforce Investment Act (WIA) 15% Healthy Community Forum Grant	17.258*	970	<u>43,461</u>
<i>Passed Through California Employment Development Department</i>			
Workforce Investment Act (WIA) Youth Activities	17.259*	301	8,047,208
ARRA: Workforce Investment Act (WIA) Youth Activities	17.259*	103	<u>6,941,221</u>
Workforce Investment Act (WIA) Dislocated Worker	17.260*	113, 501, 502, 540, 541	2,933,997
ARRA: Workforce Investment Act (WIA) Dislocated Worker	17.260*	105, 106, 108	<u>3,169,604</u>
Subtotal - Workforce Investment Act Cluster			<u>33,819,780</u>
<i>Passed Through California Department of Aging</i>			
Senior Community Service Employment Program (SCSEP)	17.235*	Riverside County	818,755
ARRA: Senior Community Service Employment Program (SCSEP)	17.235*	Riverside County	275,792
APPROP - Senior Community Service Employment Program (SCSEP)	17.235*	Riverside County	<u>11,820</u>
Subtotal			<u>1,106,367</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b><u>35,103,490</u></b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct Programs</i>			
Federal Aviation Administration			
Airport Improvement Program (AIP)	20.106	DFTA08-06-C-022054	<u>2,365,035</u>
Highway Planning and Construction			
ARRA: Highway Planning and Construction	20.205*	Fund Sources 103, 106, 107, 108, 120, 128, 134, 150, 190, and 258	15,620,173
	20.205*	Fund Sources 103, 115	<u>2,326,024</u>
Subtotal			<u>17,946,197</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b><u>20,311,232</u></b>

[1] N/A – Not Available

\* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Department of the Treasury, Secret Service</i>			
Secret Service Reimbursement	21.000	Riverside County	<u>6,267</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through California Division of Water Quality</i>			
Headquarters and Regional Underground Storage Tanks Program	66.816	06-016-250-0	<u>520,067</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
<i>Direct Programs</i>			
Weatherization Assistance For Low-Income Persons	81.042*	09C-1778	279
ARRA: Weatherization Assistance For Low-Income Persons	81.042*	09C-1830	<u>2,602,827</u>
Subtotal			<u>2,603,106</u>
ARRA: Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE00000899	<u>44,166</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<u><b>2,647,272</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through California Department of Rehabilitation</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	51601008340052	<u>190,236</u>
ARRA: Rehabilitation Services - Vocational Rehabilitation Grants to States	84.390	51601008340052	<u>15,081</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><b>205,317</b></u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through California Department of Aging</i>			
Special Programs for the Aging - Title VII, Chapter 3	93.041	Riverside County	<u>24,178</u>
Special Programs for the Aging - Title VII, Chapter 2	93.042	Riverside County	<u>60,929</u>
Special Programs for the Aging - Title III, Part D	93.043	Riverside County	<u>100,880</u>
Special Programs for the Aging - Title III, Part B	93.044*	Riverside County	1,981,237
Special Programs for the Aging - Title III, Part C	93.045*	Riverside County	2,644,069
Nutrition Services Incentive Program	93.053*	Riverside County	393,890
ARRA: Aging Home-Delivered Nutrition Meals C2	93.705*	Riverside County	158,259
ARRA: Aging Congregate Nutrition Meals C1	93.707*	Riverside County	<u>321,463</u>
Subtotal - Aging Cluster			<u>5,498,918</u>
National Family Caregiver Support - Title III, Part E	93.052	Riverside County	<u>692,575</u>
Medicare Improvements for Patients and Provider Act	93.071	Riverside County	<u>15,476</u>
Health Care Financing Research, Demonstrations, and Evaluations (HCFA Research)	93.779	Riverside County	<u>135,252</u>
<i>Passed Through California Department of Public Health - Emergency Preparedness Office</i>			
Public Health Emergency Preparedness	93.069	EPO P3-33; EPO 09-33	<u>2,535,813</u>
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	EPO 09-33	<u>938,248</u>
National Bioterrorism Hospital Preparedness Grant	93.889	EPO 08-33; EPO 09-33	<u>581,870</u>

[1] N/A – Not Available

\* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>			
<i>Passed Through California Department of Health Services</i>			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Riverside County	483,926
Children Services - Healthy Families	93.767	Riverside County	978,857
Maternal and Child Health Services Block Grant	93.994	200833	454,470
Medical Assistance Program	93.778*	Riverside County	77,704,374
ARRA: Medical Assistance Program	93.778*	Riverside County	2,409,800
<i>Passed Through California State Department of Aging</i>			
Multipurpose Senior Services Program	93.778*	Riverside County	593,786
Subtotal			80,707,960
<i>Passed Through California Department of Mental Health</i>			
Project for Assistance in Transition from Homelessness (PATH)	93.150	556215168	289,604
Block Grant for Community Mental Health Services	93.958	556215168	2,446,870
<i>Passed Through California Family Health Council</i>			
Family Planning - Services	93.217	209-754-2001	527,517
<i>Passed Through California Department of Social Services</i>			
Promoting Safe and Stable Families	93.556	Riverside County	1,692,082
Refugee and Entrant Assistance - State Administered Programs	93.566	Riverside County	92,576
Child Welfare Services - State Grants	93.645	Riverside County	2,903,975
Foster Care - Title IV-E	93.658*	Riverside County	48,732,393
ARRA: Foster Care - Title IV-E	93.658*	Riverside County	1,560,251
Subtotal			50,292,644
Adoption Assistance	93.659	Riverside County	17,638,657
ARRA: Adoption Assistance	93.659	Riverside County	1,976,122
Subtotal			19,614,779
Social Services Block Grant	93.667	Riverside County	3,029,692
Chafee Foster Care Independence Program	93.674	Riverside County	811,008
Temporary Assistance for Needy Families (TANF)	93.558*	Riverside County	204,356,730
ARRA: Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714*	Riverside County	6,026,193
Subtotal - TANF Cluster			210,382,923
<i>Passed Through California Department of Child Support Services</i>			
Child Support Enforcement	93.563	Riverside County	19,431,097
ARRA: Child Support Enforcement	93.563	Riverside County	3,833,908
Subtotal			23,265,005
<i>Passed Through California Department of Community Services and Development</i>			
Low-Income Home Energy Assistance Program	93.568	09B-5531 and 10B-5631	3,514,835
Community Services Block Grant (CSBG)	93.589*	10F-4034 and 08F-4933	2,055,486
ARRA: Community Services Block Grant	93.710*	09F-5134	2,212,456
Subtotal - CSBG Cluster			4,267,942
CSBG Discretionary Summer Crisis	93.570	09F-5020	30,000
CSBG Discretionary Asset Building	93.570	08F-4987	6,552
CSBG Discretionary Triangle Fire	93.570	09F-5009	3,500
CSBG Discretionary EITC and ATA2	93.570	10F-4072	4,013
Subtotal			44,065

[1] N/A – Not Available

\* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
YEAR ENDED JUNE 30, 2010**

PROGRAM NAME:	NO.	IDENTIFYING NO. [1]	AMOUNT
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>			
<i>Passed Through California Department of Education</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Riverside County	<u>1,256,133</u>
<i>Passed Through County of San Bernardino</i>			
HIV Emergency Relief Project Grants	93.914	01-584 A-1	<u>1,076,628</u>
<i>Passed Through California Department of Alcohol and Drug</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	NNA33-00607	<u>10,686,769</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>429,384,399</u></b>
<b>NATIONAL SENIOR SERVICE CORPORATION</b>			
<i>Passed Through Corporation for National and Community Service</i>			
Retired and Senior Volunteer Program	94.002	Riverside County	<u>74,797</u>
<b>SOCIAL SECURITY ADMINISTRATION</b>			
<i>Direct Program</i>			
SSA - Social Security Administration	96.000	N/A	<u>153,600</u>
<i>Passed Through California Employment Development Department</i>			
Work Incentives Planning and Assistance Program	96.008	757	<u>342</u>
<b>TOTAL SOCIAL SECURITY ADMINISTRATION</b>			<b><u>153,942</u></b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Federal Emergency Management Agency (FEMA)</i>			
Emergency Management Performance Grant	97.042	2008-09; 2009-15	<u>404,133</u>
FEMA-Phase 27 LRO-082000-075			
Emergency Food and Shelter National Board Program	97.024	LRO-082000-109 LRO-082000-111	50,520
ARRA: Emergency Food and Shelter National Board Program	97.114	LRO-082000-113 Riverside County	<u>25,513</u>
Emergency Food and Shelter Program Cluster			<u>76,033</u>
<i>Passed Through Governor's Office of Homeland Security</i>			
Buffer Zone Protection Programs	97.078	2007-0006; 2008-0008	<u>349,002</u>
Homeland Security Grant Program	97.067*	2007-008; 2008-006; HS100051; HS100058; HS100068	4,664,285
Metropolitan Medical Response System	97.071*	HS100050; HS100059; HS100069	<u>337,344</u>
Subtotal - Emergency Food and Shelter Program Cluster			<u>5,001,629</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b><u>5,830,797</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 588,232,597</u></b>

[1] N/A – Not Available  
\* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the County of Riverside, California (the County), except for the Federal awards granted to the Housing Authority of the County of Riverside, which is separately audited and reported on in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Federal awards received directly from Federal agencies, as well as Federal awards passed-through nonfederal agencies, primarily the State of California, except as noted above, are included on the schedule. The County's reporting entity is defined in Note 1 to the County's basic financial statements.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds as described in Note 1 to the County's basic financial statements.

C. Relationship to Basic Financial Statements

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

D. Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards are in material agreement with the amounts reported in the related Federal financial reports for the Federal award programs.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Pass-Through Awards to Subrecipients**

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

<u>County Program Title</u>	<u>CFDA No.</u>	<u>Amount</u>	<u>ARRA Funds</u>	<u>Total</u>
Mountain Area Task Force (MAST) Dead Tree Utilization and Disposal Program	10.672	\$ 23	\$ -	\$ 23
Community Development Block Grants/Entitlement Grants	14.218	6,123,671	-	6,123,671
Emergency Shelter Grants Program	14.231	702,716	-	702,716
Supportive Housing Program	14.235	3,597,122	-	3,597,122
Shelter and Care	14.238	324,156	-	324,156
Homelessness Prevention and Rapid Rehousing	14.257	-	628,278	628,278
COPS Methamphetamine Initiative	16.710	87,911	-	87,911
Federal Anti-Drug Abuse Program	16.738	218,175	-	218,175
Justice Assistance Formula Grant	16.739	22,269	-	22,269
Workforce Investment Act (WIA) Adult Program	17.258	142,478	-	142,478
ARRA: Workforce Investment Act (WIA) Adult Program	17.258	-	1,096,882	1,096,882
Workforce Investment Act (WIA) Youth Activities	17.259	5,984,633	-	5,984,633
ARRA: Workforce Investment Act (WIA) Youth Activities	17.259	-	6,004,518	6,004,518
ARRA: Workforce Investment Act (WIA) Dislocated Worker	17.260	-	731,267	731,267
ARRA: Energy Efficiency and Conservation Block Grant Program	81.128	-	35,558	35,558
Special Program for the Aging - Title VII, Chapter 2	93.042	60,929	-	60,929
Special Program for the Aging - Title III, Part B	93.044	720,794	-	720,794
Special Program for the Aging - Title III, Part C	93.045	1,988,174	-	1,988,174
National Family Caregivers Support	93.052	185,868	-	185,868
Nutrition Services Incentive Program	93.053	262,738	-	262,738
Title III Medicare Improvements for Patients and Provider Act	93.071	4,323	-	4,323
ARRA: Nutrition Stimulus Home Delivered Meals C2	93.705	-	148,259	148,259
ARRA: Nutrition Stimulus Congregate Meals C1	93.707	-	311,463	311,463
ARRA: Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714	-	89,963	89,963
Health Care Financing Research, Demonstrations and Evaluations (HCFA Research)	93.779	128,716	-	128,716
Emergency Management Performance Grant	97.042	348,485	-	348,485
Buffer Zone Protection Program	97.078	338,538	-	338,538
Homeland Security Grant Program	97.067	3,085,781	-	3,085,781
<b>Total</b>		<b>\$ 24,327,500</b>	<b>\$ 9,046,188</b>	<b>\$ 33,373,688</b>

**COUNTY OF RIVERSIDE, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**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 not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified 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 OMB Circular A-133, Section .510(a)?	Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.561	Food Stamps Cluster, including ARRA Grant
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218, 14.253	Community Development Block Grants/Entitlement Grants Cluster, including ARRA Grant
14.257	ARRA: Homelessness Prevention and Rapid Rehousing
16.710	COPS Methamphetamine Initiative and Hiring Recovery Program, including ARRA Grant
16.804	ARRA: Justice Assistance Grant, ARRA: Multi-Jurisdictional Methamphetamine Recovery Act, and ARRA: Evidence Based Probation Supervision Recovery Act Program
16.588	Violence Against Women; Victim Witness -VAWA Stimulus; and Sexual Assault Specialized Response Unit Grants, including ARRA Grant
17.258, 17.259, 17.260	Workforce Investment Cluster, including ARRA Grants
17.235	Senior Community Service Employment Program (SCSEP), including ARRA Grant
20.205	Highway Planning and Construction, including ARRA Grant
81.042	Weatherization Assistance For Low-Income Persons, including ARRA Grant
93.044, 93.045, 93.053 93.705, 93.707	Aging Cluster, including ARRA Grants
93.778	Medical Assistance Program, including ARRA Grant
93.558, 93.714	Temporary Assistance for Needy Families Cluster, including ARRA Grant
93.658	Foster Care (Title IV-E), including ARRA Grant

**I. SUMMARY OF AUDITOR'S RESULTS (Continued)**

<u>93.569, 93.710</u>	Community Services Block Grant Cluster, including ARRA Grant
<u>97.067, 93.071</u>	<u>Emergency Food and Shelter Program Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 3,000,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**II. FINANCIAL STATEMENT FINDINGS**

The following findings and recommendations represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Audit Standards*.

**Finding 2010-01 – Capital Assets**

**Criteria:**

To ensure that capital assets are accurately recorded, the County should utilize system generated reports from the Asset Management module in the preparation of the financial statements, and should ensure proper communication between departments.

**Condition:**

While the County maintains formalized year-end procedures to ensure that County departments submit information for financial reporting purposes, the following was noted:

- Queries from the Asset Management (AM) module of PeopleSoft are exported and compiled on numerous nVision spreadsheets in order to summarize information for financial reporting purposes and to validate depreciation expense and accumulated depreciation values generated by the AM module.
- Discrepancies between certain departmental internal calculation of accumulated depreciation and the AM module's automated calculation were noted.

**Context:**

The condition was noted during our testing over the control environment and year-end procedures for capital assets.

**Effect:**

By using numerous spreadsheets to compile capital asset information and lack of communication between the capital assets department and individual departments, there is an increased risk of misstatement.

**Cause:**

The County uses nVision spreadsheets to summarize information for financial reporting purposes. There is also a lack of communication between capital assets department and individual departments.

**Recommendation:**

We recommend that the County strengthen its year-end procedures for capital assets reporting.

- The County should examine the cost/benefit of establishing system generated capital assets reports that summarize data for the financial statements. Such reports would include the rollforward of capital assets activity by department and/or fund thereby eliminating the need to compile this information in nVision spreadsheets.
- The Departments and Auditor-Controller's office should reconcile and correct accumulated depreciation variances prior to year-end.

**View of Responsible Official and Planned Corrected Actions:**

The Oasis Team is working with the Auditor Controller's Office to identify issues associated with the County's new Asset Management roll-forward report. Once the issues are identified, the Auditor Controller's Office will work with various County departments to make necessary corrections so that the roll-forward report is functional.

**Finding 2010-02 – Deposit Based Fee**

**Criteria:**

General ledger balances should be reconciled against actual receivables, deposits on hand, and refunds due and payable to customers in the Deposit Based Fee Module.

**Condition:**

While the County maintains formalized year-end procedures to ensure that general ledger balances are materially correct, it was noted during testing that the Deposit Based Fee Module is not adequately reconciled to actual receivables, deposits on hand, and refunds due and payable to customers.

**Context:**

The condition was noted during our testing over the control environment and year-end procedures for actual receivables, deposits on hand, and refunds due and payable to customers.

**Effect:**

By not adequately reconciling general ledger balances against actual receivables, deposits on hand, and refunds due and payable to customers in the Deposit Based Fee Module, there is an increased risk of misstatement.

**Cause:**

The County does not adequately reconcile general ledger balances against actual receivables, deposits on hand, and refunds due and payable to customers in the Deposit Based Fee Module.

**Recommendation:**

We recommend that the general ledger balances be reconciled against actual receivables, deposits on hand, and refunds due and payable to customers in the Deposit Based Fee Module.

**View of Responsible Official and Planned Corrected Actions:**

The Transportation and Land Management Agency (TLMA) and Oasis Team are working together to resolve this finding. Deposit Based Fee (DBF) is a custom, customer service oriented, People-Soft module that collects development cash deposits directly in a customer deposit liability account; hence, there should be no current receivables posting. To ensure timely discovery and resolution of system issues with the DBF module, TLMA and Oasis are working to monitor processes and set traces on system generated postings. TLMA staff is monitoring general ledger accounts receivable balances before and after batch processing. The problem is intermittent and does not affect all records processed.

### III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### Finding 2010-03

**Program: Temporary Assistance for Needy Families Cluster, Including ARRA Grant  
CFDA No.: 93.558 and 93.714**

**Federal Agency: U.S. Department of Health and Human Services**

**Passed-through: State of California Department of Social Services**

**Award Year: Fiscal Year 2009-2010**

**Compliance Requirement: Special Tests and Provisions**

**Questioned Costs: None**

#### Criteria:

The June 2010 Office of Budget and Management (OMB) Circular A-133 *Compliance Supplement* requires that the County utilize the Income and Eligibility Verification System (IEVS) to verify eligibility using wage information available from such agencies as the agencies administering State unemployment compensation laws, Social Security Administration, and the Internal Revenue Service to verify income eligibility and the amount of eligible benefits. The State of California has used IEVS since 1987 to verify income information received from applicants and recipients. In addition, the OMB Circular A-133 *Compliance Supplement* outlines people receiving benefits must cooperate with Child Support Services.

#### Condition:

Caseworkers are required to utilize the IEVS to verify the eligibility of individuals to receive Temporary Assistance for Needy Families (TANF) benefits. The IEVS reports are required to be signed by the caseworkers to evidence their review of income eligibility. Caseworkers are also required to document compliance with Child Support provisions on State forms CW 2.1, CW 2.1 NA, and CW 371.

Of the 40 TANF case files selected for testwork, we noted:

- 23 cases where the IEVS reports were not signed by the caseworker or approved by a supervisor.
- 9 cases where the IEVS reports were signed by the caseworker or approved by a supervisor but not reviewed within the 45 calendar days. The maximum processing time for IEVS information is 45 calendar days; the processing period begins with the run date printed on the IEVS abstract.

#### Context:

The conditions noted above were identified during our examination of the County's compliance with special tests and provisions verification.

#### Effect:

The County risks noncompliance with special tests and provisions requirements as set forth in the OMB A-133 *Compliance Supplement*.

#### Cause:

The eligibility workers did not document their use of IEVS or properly sign and date the IEVS matching report. In addition, the eligibility workers did not take the appropriate steps to document cooperation with Child Support Services.

#### Recommendation:

The County should consider implementing stronger internal controls to ascertain that the IEVS reports exist and are properly signed to ensure compliance with the federal eligibility requirement. In addition, case files should be reviewed for compliance over cooperation with Child Support Services.

### **Views of Responsible Officials and Planned Corrective Actions:**

This finding is the same as was found in last year's audit. Staff has received additional policy reminders and verbal reminders. The IEVS reviews, which are tasks in our C-IV system, are often overlooked due to caseload.

A recent change to the C-IV system shows tasks to be worked more prominently. Supervisors are also able to pull task lists and are now better able to identify when an IEVS task has not been cleared. Supervisors are now better able to assist staff in making sure the IEVS tasks get reviewed and signed off timely. With this improvement, this area should show significant improvement during subsequent audits.

### **Contact Information of Responsible Official:**

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### **Finding 2010-04**

**Program: COPS Hiring Recovery Program (CHRP), Including ARRA Grant**  
**CFDA No.: 16.710**  
**Federal Agency: U.S. Department of Justice Office of Community Oriented Policing Services**  
**Passed-through: None**  
**Award Year: Fiscal Year 2009-2010**  
**Compliance Requirement: Allowable Costs/Cost Principle**  
**Questioned Costs: \$53,939.50**

### **Criteria:**

The June 2010 OMB Circular A-133 *Compliance Supplement* requires that a cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general criteria specified in OMB Circular A-87, Attachment A, paragraph C.1. The U.S. Department of Justice Community Oriented Policing Services (COPS) Hiring Recovery Program Grant Owner's Manual requires that grant funds may only be used to pay for full-time entry-level salaries and fringe benefits for 36 months for career law enforcement officers hired and/or rehired on or after the award start date, and only actual allowable cost incurred during the grant award period is eligible for reimbursement.

### **Condition:**

During the testing of quarterly expenditure reimbursements for compliance requirement Allowable Cost/Cost Principle, we found that in the first two quarters of fiscal year 2009-2010, the entry-level hourly rate used to calculate payroll expenditure reimbursement does not tie to the rate used to calculate the payroll expenditure on payroll register, which reflects actual salaries and benefits paid to the new hires and/or rehires. The rate used for reimbursement was \$26.87, which was higher than the rate used for payroll register, \$26.35. Upon further investigation, it was discovered that a 2% pay raise was applied to the hourly rate for the first two quarters by mistake. The 2% pay raise should not have taken effect until the third quarter of the fiscal year. As a result, a total of \$53,939.50 of payroll expenditure was over-claimed for reimbursement in the current fiscal year.

### **Context:**

The conditions noted above were identified during our examination of sample quarterly expenditure reimbursements of the Sheriff's Department's compliance with Allowable Costs/Cost Principle.

### **Effect:**

The County risks noncompliance with Allowable Costs/Cost Principle requirement as set forth in the OMB A-133 *Compliance Supplement*, and risks noncompliance with the CHRP Grant Owner's Manual.

**Cause:**

In the EXCEL worksheet that the Sheriff's Department staff used to calculate the payroll expenditure reimbursement, a 2% pay raise was mistakenly applied to the budgeted hourly rate for the first six months, resulting in miscalculation and over-claim for the first two quarterly reimbursement claims.

**Recommendation:**

We recommend that the Sheriff's Department contact the Federal grant award agency to report the over-claim and return the over-claimed funds. We also recommend that the Sheriff's Department implement stronger internal controls, including stronger oversight and review procedures in preparation of the quarterly expenditure reimbursement claims, so as to ensure the accuracy of the calculation for claims.

**Views of Responsible Officials and Planned Corrective Actions:**

The Department concurs with the finding. They have developed a step-increase projection sheet to ensure the miscalculation error does not occur in future and have provided follow up training to staff reminding them to cap reimbursement requests at the actual amount the Department paid out. Upon discovery of the issue, the Department proactively contacted the Department of Justice, Community Oriented Policing Services (COPS) Office to notify them of the over claim and identify the preferred method of reimbursement. The COPS Office directed the Department to adjust down the next quarter's claim amount by the amount over-claimed and provide an explanation in the Remarks section of the financial report. The Department followed the instruction from COPS Office in its 2010 1st quarter's expenditure reimbursement report. No further action was required by the COPS Office. The issue was resolved.

**Contact Information of Responsible Official:**

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**Finding 2010-05**

**Program: Emergency Food and Shelter Program Cluster, Including ARRA Grant**

**CFDA No.: 97.067 and 97.071**

**Federal Agency: U.S. Department of Homeland Security**

**Passed-through: None**

**Award Year: Fiscal Year 2009-2010**

**Compliance Requirement: Subrecipient Monitoring**

**Questioned Costs: None**

**Criteria:**

The June 2010 OMB Circular A-133 *Compliance Supplement* requires that a pass-through entity be responsible for *During-the-Award Monitoring*, whereby the County is required to monitor the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that the performance goals are achieved.

The County's Fire Department Office does not monitor the Homeland Security Grant Program subrecipients nor does the department maintain a documented plan for monitoring subrecipients in accordance with Federal or California requirements.

**Condition:**

The County's Fire Department Office is responsible for monitoring the grant activities of their subrecipients, which includes on site verification of grant activities (administrative, programmatic, and fiscal management).

**Context:**

The condition noted above was identified during our examination of the County's subrecipient monitoring procedures.

**Effect:**

The County risks *noncompliance* with subrecipient monitoring requirements as set forth in the OMB A-133 *Compliance Supplement*.

**Cause:**

The County's Fire Department Office does not monitor the Homeland Security Grant Program subrecipients nor does the department maintain a documented plan for monitoring subrecipients in accordance with Federal or California requirements.

**Recommendation:**

We recommend that the County strengthen its procedures to ensure that subrecipients are being monitored and that there is a documented plan for monitoring subrecipients.

**Views of Responsible Officials and Planned Corrective Actions:**

Riverside County Operational Area, which is the sub-grantee of the State Homeland Security Program and which is the responsible party for performing monitoring activities with the subrecipients, will begin the monitoring process again. Riverside County Operational Area's Grants unit has monitored the fiscal years 2004 and 2005 Homeland Security Grants but unfortunately the Grants unit went from a staff of 4 down to 1 quite rapidly and has been understaffed for over 3 years. Riverside County OES has recently hired adequate staffing to begin the process again and plans to do so beginning March of 2011. A plan is in the process of being written and will be followed to monitor each subrecipient 1 time per grant cycle per grant and will inventory equipment 1 time every 2 years as required.

**Contact Information of Responsible Official:**

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**Finding 2010-06**

**Program: ARRA-Homelessness Prevention and Rapid Re-Housing Program**

**CFDA No.: 14.257**

**Federal Agency: U.S. Department of Housing and Urban Development**

**Passed-through: None**

**Award Year: Fiscal Year 2009-2010**

**Compliance Requirement: Eligibility**

**Questioned Costs: None**

**Criteria:**

The June 2010 OMB Circular A-133 *Compliance Supplement* requires that the County determine eligibility in accordance with the specific eligibility requirements defined in the approved State plan. These requirements include the maintenance of documentation necessary to support eligibility determinations and re-determinations.



**Condition:**

Of the 40 case files selected for test work, we noted:

- One case file where an ID for a household member over 18 years old was not included in the file. An ID is required for all household members over 18 years old. Also required for every member of the household is a birth certificate and social security card.
- One case file where a staff affidavit was not included in the file. A staff affidavit should be kept on file to show the caseworker is not related to the client.

**Context:**

The conditions noted above were identified during our examination of the County's compliance with eligibility provisions.

**Effect:**

The County risks noncompliance with eligibility provisions requirements as set forth in the OMB A-133 *Compliance Supplement*.

**Cause:**

The primary cause was oversight from the Economic Development Agency.

**Recommendation:**

We recommend that the County strengthen its monitoring procedures to ensure that documentation required to support eligibility is properly completed.

**Views of Responsible Officials and Planned Corrective Actions:**

Both case files were immediately corrected. The County is taking additional steps to ensure that the files are adequately maintained to support eligibility requirements. These steps include:

1. The Housing Specialists, which are the case managers for every HPRP client, will be required to complete a HPRP Client File Checklist/Guideline form for every case (file) assigned to them.
2. The Lead HPRP staff member is required to prepare and complete a HPRP File Review form prior to the issuance of any approved payments. The form is also used as part of each client's file close-out review.
3. CDBG/ESG staff will conduct regular monitoring visits (every 1-2 months) at the Housing Authority to audit randomly selected HPRP Client files to verify that the HPRP Client File Checklist/Guideline form and the HPRP File Review form have been completed and filed. CDBG/ESG staff will then audit selected files to determine the accuracy of the check lists and review forms.

**Contact Information of Responsible Official:**

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**Finding 2010-07**

**Program: Senior Community Service Employment Program, Including ARRA Grant**

**CFDA No.: 17.235**

**Federal Agency: Department of Labor**

**Passed-through: California Department of Aging**

**Award Year: Fiscal Year 2009-2010**

**Compliance Requirement: Eligibility**

**Questioned Costs: None**

**Criteria:**

Title 20 of the Code of Federal Regulations Section 641.505 requires that the participants income eligibility be verified at least once every 12 months.

**Condition:**

During our testing of eligibility at the Office of Aging, we noted that 4 of our 37 samples had recertifications that were not completed within a timely manner.

**Context:**

The condition noted above was identified during our examination of the Office of Aging's compliance with eligibility regarding the Senior Community Service Employment Program.

**Effect:**

The County risks noncompliance with eligibility requirements as set forth in the Federal awarding agency regulations.

**Cause:**

The likely cause is due to a delay in receiving and processing income information.

**Recommendation:**

The County should consider implementing stronger internal controls to ascertain that the recertifications are completed within a year from the prior income determination.

**Views of Responsible Officials and Planned Corrective Actions:**

After investigating, it was discovered that during transition from Q & A database to the current SCSEP database, some the dates files were transposed. The database fields were downloaded directly from Q & A to SCSEP. Example of errors, the dates were transposed in the application date and the start date fields. Therefore, when pulled information forms the SCSEP database to do the recertification, the application date showed up, not the start date (all recertifications are based on the start date). The Department is currently going through an internal audit to prepare for the State Audit in May. The audit will be completed by May 7, 2011. All future recertification will be completed on time due to the audit. However, the Department cannot go back and correct any recertifications that were late previously.

**Contact Information of Responsible Official:**

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**Finding 2010-08**

**Program: Justice Assistance Grant (JAG) & Multi-Jurisdictional Meth Enforcement (Cal-MMET), Including ARRA Grant**

**CFDA No.: 16.804**

**Federal Agency: Department of Justice**

**Passed-through: County of Riverside - Sheriff**

**Award Year: Fiscal Year 2009-2010**

**Compliance Requirement: Reporting**

**Questioned Costs: None**

**Criteria:**

The Federal awarding agency's reporting requirements.

**Condition:**

During our testing of reporting at the Sheriff's Department, we noted that some of the reports had slight variances with the supporting documentation. The reports included were the SEFA, the Cal-MMET data collection report and performance measurement tools report, and the JAG GMS PMT Quarterly report.

**Context:**

The conditions noted above were identified during our examination of the Sheriff Department's compliance with reporting regarding the JAG and Cal-MMET grants.

**Effect:**

The County risks noncompliance with reporting requirements as set forth in the Federal awarding agency regulations.

**Cause:**

The likely cause is due to an oversight that could be corrected by supervisory review of the report and supporting documentation.

**Recommendation:**

Our recommendation is that the required reports are reviewed before submitting to the proper agencies.

**Views of Responsible Officials and Planned Corrective Actions:**

The Department concurs with the finding and will implement the recommendation.

**Contact Information of Responsible Official:**

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**COUNTY OF RIVERSIDE, CALIFORNIA  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**Finding 2009-01 – Capital Assets**

**Criteria:**

To ensure that capital assets are accurately recorded, the County should utilize system generated reports from the Asset Management module in the preparation of the financial statements, and should ensure proper communication between departments.

**Condition:**

While the County maintains formalized year-end procedures to ensure that County departments submit information for financial reporting purposes, the following was noted:

- Queries from the Asset Management (AM) module of PeopleSoft are exported and compiled on numerous nVision spreadsheets in order to summarize information for financial reporting purposes and to validate depreciation expense and accumulated depreciation values generated by the AM module.
- Discrepancies between certain departmental internal calculation of accumulated depreciation and the AM module's automated calculation were noted.

**Context:**

The condition was noted during our testing over the control environment and year-end procedures for capital assets.

**Effect:**

By using numerous spreadsheets to compile capital asset information and lack of communication between the capital assets department and individual departments, there is an increased risk of misstatement.

**Cause:**

The County uses nVision spreadsheets to summarize information for financial reporting purposes. There is also a lack of communication between capital assets department and individual departments.

**Recommendation:**

We recommend that the County strengthen its year-end procedures for capital assets reporting.

- The County should examine the cost/benefit of establishing system generated capital assets reports that summarize data for the financial statements. Such reports would include the rollforward of capital assets activity by department and/or fund thereby eliminating the need to compile this information in nVision spreadsheets.
- The Departments and ACO-Specialized Accounting Division should reconcile and correct accumulated depreciation variances prior to year-end.

### **View of Responsible Official and Planned Corrected Actions:**

The OASIS Team, in conjunction with the Auditor Controller's office has developed and is currently testing a PeopleSoft system generated report that displays the Net Book value of individual capital assets by department. We are also developing a PeopleSoft generated report for the roll-forward value of Capital Assets by department. The estimated date of completion is the end of April 2010.

### **Current Year Status**

See current year Finding 2010-1.

### **Finding 2009-02**

**Program: Temporary Assistance for Needy Families**  
**CFDA No.: 93.558**  
**Federal Agency: U.S. Department of Health and Human Services**  
**Passed-through: State of California Department of Social Services**  
**Award Year: Fiscal Year 2008-2009**  
**Compliance Requirement: Special Tests and Provisions**  
**Questioned Costs: None**

### **Criteria:**

The March 2009 OMB Circular A-133 *Compliance Supplement* requires that the County utilize the Income and Eligibility Verification System (IEVS) to verify eligibility using wage information available from such agencies as the agencies administering State unemployment compensation laws, Social Security Administration, and the Internal Revenue Service to verify income eligibility and the amount of eligible benefits. The State of California has used IEVS since 1987 to verify income information received from applicants and recipients. In addition, the OMB Circular A-133 *Compliance Supplement* outlines people receiving benefits must cooperate with Child Support Services.

### **Condition:**

Caseworkers are required to utilize the IEVS to verify the eligibility of individuals to receive TANF benefits. The IEVS reports are required to be signed by the caseworkers to evidence their review of income eligibility. Caseworkers are also required to document compliance with Child Support provisions on State forms CW 2.1, CW 2.1 NA, and CW 371.

Of the 40 TANF case files selected for testwork, we noted:

- 6 cases where the supporting documentation was not available to document that income verification had been performed through the IEVS.
- 12 cases where the IEVS reports were not signed by the caseworker or approved by a supervisor.
- 2 cases where the child support questionnaire CW 2.1 and CW 2.1 NA could not be located.
- 3 cases where the form CW 371, referral to the District Attorney, could not be located.

### **Context:**

The conditions noted above were identified during our examination of the County's compliance with special tests and provisions verification.

### **Effect:**

The County risks noncompliance with special tests and provisions requirements as set forth in the OMB A-133 *Compliance Supplement*.

**Cause:**

The eligibility workers did not document their use of IEVS or properly sign and date the IEVS matching report. In addition, the eligibility workers did not take the appropriate steps to document cooperation with Child Support Services.

**Recommendation:**

The County should consider implementing stronger internal controls to ascertain that the IEVS reports exist and are properly signed to ensure compliance with the federal eligibility requirement. In addition, case files should be reviewed for compliance over cooperation with Child Support Services.

**Views of Responsible Officials and Planned Corrective Actions:**

Periodic review of cases is conducted for all aspects of eligibility. We are in the process of developing and conducting more extensive case auditing training for supervisors and assistant supervisors.

Managers will be instructed to remind staff to request, review, and sign-off the IEVS form for both the initial application and re-determinations.

The forms CW 2.1 and CW 2.1 NA were not on file for the review period but have since been completed and included in the case file. Audit training for supervisors and assistant supervisors is also being developed for implementation.

Riverside County currently sends communication to DA Child Support via email and fax. Staff will be provided a copy of Riverside's local policy and be reminded that the form CW 371 must be used to demonstrate that the referral has been sent to the DA Child Support. In addition, the staff will also be reminded that the case file must be well documented that the forms CW 2.1 and CW 2.1 NA were sent to DA Child Support demonstrating that the customer cooperated.

**Current Year Status**

See current year Finding 2010-3.

**Finding 2009-03**

**Program: Foster Care**

**CFDA No.: 93.658**

**Federal Agency: U.S. Department of Health and Human Services**

**Passed-through: State of California Department of Social Services**

**Award Year: Fiscal Year 2006-2007**

**Compliance Requirement: Allowable Costs and Activities**

**Questioned Costs: \$999,228**

**Criteria:**

As noted in the Draft Internal Auditor's Report dated July 12, 2007, the primary objective was documented to ensure compliance with rules and regulations governing the foster care providers, including Federal Office of Management and Budget Circular A-122 and A-133 and California Department of Social Services Manual of Policies and Procedures (CDSS-MPP).

**Condition:**

In the prior year, our inquiry with the County of Riverside Auditor-Controller (AC) noted that the AC has completed an audit of the Department of Social Services (DPSS) Foster Care Program for the time period of January 1, 2005, through December 31, 2006.

The draft report dated July 12, 2007, noted several significant deficiencies relating to noncompliance with Federal and State regulations by foster care providers. The areas of noncompliance by the foster care providers as documented in the draft report included unallowed costs such as interest expense from the financing of a building purchase, operation of a learning center, operation of a counseling center, the purchase of two HUD homes which were not used for foster care programs, and funds used for the opening and operation of a thrift store. In the opinion of the AC, the draft report noted various unsupported costs, inadequately supported costs, excessive cash reserves, unaccounted for revenue, excessive salaries, excessive shelter costs, and a lack of audited financial statements. The draft report also noted a difference in children's birthdates when comparing the Days of Care Schedule and the DPSS system, warrants issued to the provider in an amount different than was reported on the Days of Care Schedule, agencies did not receive payment for children reported on the Days of Care Schedule, agencies that received payment for children not reported on the Days of Care Schedule, agencies that continued to receive payment for children over the age of 18 without an exception on file and certain agencies (4 out of 6) that were paid under multiple vendor names.

We noted that the AC is in the process of following up on the above noted items.

**Effect:**

The compliance exceptions as noted within the AC draft report resulted in the potential for disallowed costs.

**Cause:**

As noted in the draft AC report dated July 12, 2007, DPSS did not appropriately monitor foster care providers during the time period from January 1, 2005, through December 31, 2006, which resulted in the potential for disallowed costs.

**Recommendation:**

We suggest that the County address these compliance issues relating to the monitoring of foster care providers.

**Views of Responsible Officials and Planned Corrective Actions:**

DPSS has worked closely with the State Department of Social Services (CDSS) to clarify roles and responsibilities. DPSS has confirmed that it is and has been in compliance with the State's requirements. CDSS acknowledges that it is responsible for compliance with OMB Circular A-133. CDSS has further indicated that the County may conduct monitoring activities related to compliance with OMB Circular A-122. This is not a requirement, but an option. DPSS is currently developing an operational agreement for foster care providers, which will clarify service expectations between our agencies.

**Current Year Status**

Implemented.

**COUNTY OF RIVERSIDE, CALIFORNIA  
 SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT  
 AGENCY (CalEMA) AND CORRECTIONS STANDARDS AUTHORITY GRANTS  
 YEAR ENDED JUNE 30, 2010**

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>CSA-155-09</b>	<b>Juvenile Accountability Block Grants</b>	
Personal Services	\$ 49,920	Federal Portion
Operating Expenses	-	Match
	<u>          </u>	
Total Expenses	<u>\$ 49,920</u>	<u>\$ 49,920</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>SE 09120330</b>	<b>Special Emphasis Assistance Program</b>	
Personal Services	\$ 108,750	Federal Portion
Operating Expenses	1,250	Match
	<u>          </u>	
Total Expenses	<u>\$ 110,000</u>	<u>\$ 110,000</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>VW 09280330</b>	<b>Victim Witness Assistance Program</b>	
Personal Services	\$ 385,887	Federal Portion
Operating Expenses	-	Match
	<u>          </u>	
Total Expenses	<u>\$ 385,887</u>	<u>\$ 385,887</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>PU 09070330</b>	<b>Violence Against Women Formula Grants</b>	
Personal Services	\$ 166,474	Federal Portion
Operating Expenses	-	Match
	<u>          </u>	
Total Expenses	<u>\$ 166,474</u>	<u>\$ 166,474</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>VV 09010330</b>	<b>Violence Against Women - Vertical Prosecution</b>	
Personal Services	\$ 198,004	Federal Portion
Operating Expenses	1,996	Match
	<u>          </u>	
Total Expenses	<u>\$ 200,000</u>	<u>\$ 200,000</u>



**COUNTY OF RIVERSIDE, CALIFORNIA  
 SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT  
 AGENCY (CalEMA) AND CORRECTIONS STANDARDS AUTHORITY GRANTS (Continued)  
 YEAR ENDED JUNE 30, 2010**

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>RV 09010330</b>	<b>ARRA: Victim Witness - VAWA Stimulus</b>	
Personal Services	\$ 24,461	Federal Portion
Operating Expenses	-	Match
Total Expenses	<u>\$ 24,461</u>	<u>\$ 24,461</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>SU 09010330</b>	<b>Sexual Assault Specialized Response Unit</b>	
Personal Services	\$ 97,508	Federal Portion
Operating Expenses	34,157	Match
Total Expenses	<u>\$ 131,665</u>	<u>\$ 131,665</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>RT 091010330</b>	<b>Residential Substance Abuse Treatment Program</b>	
Personal Services	\$ 192,386	Federal Portion
Operating Expenses	-	Match
Total Expenses	<u>\$ 192,386</u>	<u>\$ 192,386</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>US 09A20330</b>	<b>Project Safe Neighborhood - Anti-Gang Initiative</b>	
Personal Services	\$ -	Federal Portion
Operating Expenses	10,000	Match
Total Expenses	<u>\$ 10,000</u>	<u>\$ 10,000</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>	
<b>US 08010330</b>	<b>Project Safe Neighborhood - Anti-Gang Initiative</b>	
Personal Services	\$ 30,000	Federal Portion
Operating Expenses	-	Match
Total Expenses	<u>\$ 30,000</u>	<u>\$ 30,000</u>

**COUNTY OF RIVERSIDE, CALIFORNIA  
 SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT  
 AGENCY (CalEMA) AND CORRECTIONS STANDARDS AUTHORITY GRANTS (Continued)  
 YEAR ENDED JUNE 30, 2010**

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>		
<b>DC 09200330</b>	<b>Federal Anti-Drug Abuse Program</b>		
Personal Services	\$ -	Federal Portion	\$ 1,178,126
Operating Expenses	<u>1,178,126</u>	Match	<u>-</u>
Total Expenses	<u>\$ 1,178,126</u>		<u>\$ 1,178,126</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>		
<b>AG 07020330</b>	<b>Anti-Gang Initiative</b>		
Personal Services	\$ 2,713	Federal Portion	\$ 2,713
Operating Expenses	<u>-</u>	Match	<u>-</u>
Total Expenses	<u>\$ 2,713</u>		<u>\$ 2,713</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>		
<b>VS 09010330</b>	<b>ARRA: Victims Witness Assistance - VOCA Stimulus</b>		
Personal Services	\$ 28,742	Federal Portion	\$ 36,318
Operating Expenses	<u>7,576</u>	Match	<u>-</u>
Total Expenses	<u>\$ 36,318</u>		<u>\$ 36,318</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>		
<b>ZM 09010330</b>	<b>ARRA: Multi-Jurisdictional Methamphetamine Recovery Act</b>		
Personal Services	\$ 9,871	Federal Portion	\$ 9,871
Operating Expenses	<u>-</u>	Match	<u>-</u>
Total Expenses	<u>\$ 9,871</u>		<u>\$ 9,871</u>

<b>Grant #/Pass-Through Grantor</b>	<b>Description</b>		
<b>ZP 09010330</b>	<b>ARRA: Evidence Based Probation Supervision</b>		
Personal Services	\$ 121,448	Federal Portion	\$ 132,936
Operating Expenses	<u>11,488</u>	Match	<u>-</u>
Total Expenses	<u>\$ 132,936</u>		<u>\$ 132,936</u>

**COUNTY OF RIVERSIDE, CALIFORNIA  
SUPPLEMENTAL PROGRAMS SCHEDULE FOR OFFICE ON AGING  
STATE DEPARTMENT OF AGING GRANTS  
YEAR ENDED JUNE 30, 2010**

County Program Title	CFDA No.	PASS-THROUGH ENTITY IDENTIFYING NO.	Federal		State		
			Expenditures	Pass-Through to Subrecipients	Expenditures	Pass-Through to Subrecipients	
<b>DEPARTMENT OF LABOR</b>							
<i>Pass through California State Department of Aging</i>							
Senior Community Service Employment Program (SCSEP)	17.235	N/A	\$ 818,755	\$ -	\$ -	\$ -	
ARRA: Senior Community Service Employment Program (SCSEP)	17.235	N/A	275,792	-	-	-	
APPROP: Senior Community Service Employment Program (SCSEP)	17.235	N/A	11,820	-	-	-	
<b>TOTAL DEPARTMENT OF LABOR</b>			<b>1,106,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<i>Pass Through California State Department of Aging</i>							
Special Programs for the Aging - Title VII, Chapter 3	93.041	N/A	24,178	-	-	-	
Special Programs for the Aging - Title VII, Chapter 2	93.042	N/A	60,929	60,929	-	-	
Special Programs for the Aging - Title III Part D	93.043	N/A	100,880	-	-	-	
Special Programs for the Aging - Title III Part B	93.044	N/A	1,981,237	720,794	-	-	
Special Programs for the Aging - Title III Part C	93.045	N/A	2,644,069	1,988,174	407,423	406,234	
National Family Caregivers Support - Title III-E	93.052	N/A	692,575	185,868	-	-	
Nutrition Services Incentive Program	93.053	N/A	393,890	262,738	-	-	
Medicare Improvements for Patients and Provider Act - Title III	93.071	N/A	15,476	4,323	-	-	
ARRA: Nutrition Home-Delivered Meals C2	93.705	N/A	158,259	148,259	-	-	
ARRA: Nutrition Congregate Meals C1	93.707	N/A	321,463	311,463	-	-	
			<b>6,392,956</b>	<b>3,662,548</b>	<b>407,423</b>	<b>406,234</b>	
Medical Assistance Program, Multipurpose Senior Services Program	93.778	N/A	593,786	-	593,786	-	
Health Care Financing Research, Demonstrations and Evaluations (HCFA Research)	93.779	N/A	135,252	128,716	302,669	285,625	
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>7,121,994</b>	<b>3,811,264</b>	<b>1,303,878</b>	<b>691,859</b>	
<b>CALIFORNIA STATE DEPARTMENT OF AGING - DIRECT GRANTS</b>							
Ombudsman Volunteer Recruitment Initiative			-	-	140,105	140,105	
Linkages, Purchase of Services, Brown Bag, ADCRC Senior Companion (CBSP)			-	-	125,380	58,712	
<b>TOTAL CALIFORNIA STATE DEPARTMENT OF AGING (PASS-THROUGH AND DIRECT GRANTS)</b>			<b>8,228,361</b>	<b>3,811,264</b>	<b>1,569,363</b>	<b>890,676</b>	
<b>DEPARTMENT OF AGRICULTURE</b>							
<i>California Department of Food and Agriculture</i>							
Senior Farmers Market Nutrition Program	10.576	N/A	35,000	-	-	-	
<b>NATIONAL SENIOR SERVICE CORPORATION</b>							
<i>Corporation for National and Community Service</i>							
Retired and Senior Volunteer Program	94.002	N/A	74,797	-	-	-	
<i>Riverside County Children and Families Commission</i>							
First Five-Grandparent Raising Grandchildren		06-9077OP, 06-7001OP	-	-	495,652	-	
<b>Total</b>			<b>\$ 8,338,158</b>	<b>\$ 3,811,264</b>	<b>\$ 2,065,015</b>	<b>\$ 890,676</b>	

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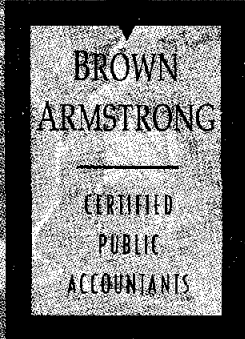
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## **AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS AND/OR FINANCIAL REPORTING**

Board of Supervisors  
County of Riverside, California

We have audited the basic financial statements of the County of Riverside (the County) for the year ended June 30, 2010, and have issued our report thereon dated December 1, 2010. In planning and performing our audit of the financial statements of the County, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of our audit, we noted certain agreed upon conditions. These conditions and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other efficiencies and are summarized as follows:

### **Current Year Agreed Upon Conditions and Recommendations**

#### **Agreed Upon Condition 2010-1 – DPSS Payroll**

##### **Condition**

During our review of the General Time Study Instructions for all DPSS Staff, staff must ensure the hours and dates reported on the time study and the time sheet match. However, some items between the two forms do not have the same title and may cause discrepancies but the daily totals must match. During our payroll testing, we noted three cases out of the random sample of 60 in which the non-allocable hours on the time sheet did not agree to the non-allocable hours reported on the time study; however, the daily total hours worked did agree. This appears to be an isolated incident; however, this could potentially lead to over claiming of payroll expenditures.

##### **Recommendation**

We recommend that the supervisors carefully review each employee's time study and time sheet to ensure the hours and dates reported on the time study and the time sheet match, which includes ensuring the non-allocable time on the time study is reported correctly, before the supervisors sign off on the time study and time sheet. We also recommend that any time a supervisor receives a revised employee's time sheet that a revised time study is also received and reviewed.

##### **Management Response**

The Department concurs and will implement the recommendation. They are taking measures to emphasize on the accuracy of timesheets, and to improve the supervision and review process of timesheets, etc.

**Agreed Upon Condition 2010-2 – DPSS Authorized Signers**

Condition

When testing non-payroll expenditure samples, we noticed that some Purchase Orders (POs) were signed by Buyers or Buyer Assistants in the DPSS Purchasing Division, whose signatures were not on the DPSS' Authorized Signature List. We were informed later that it is a common practice in the Purchasing Division that the Buyers and Buyer Assistants who have been through extensive trainings are allowed to sign the POs on behalf of the Contract and Purchasing Officer. However, this practice was not well communicated to other Divisions of DPSS or to the County's Auditor-Controller's Office.

Recommendation

We recommend that DPSS Purchasing Division create a list of job positions that are allowed by the Division to approve and sign the POs on behalf of the Contract and Purchasing Officer, and that the Division communicate with other Divisions in DPSS and County Auditor-Controller's office, so that DPSS accounting staff and the County's Auditor-Controller's Office can easily recognize the signatures on the POs from Purchasing Division are from authorized job positions.

Management Response

The Department concurs and will implement the recommendation.

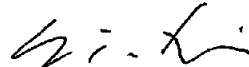
**Status of Prior Year Agreed Upon Conditions and Recommendations**

None.

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This information is intended solely for the use of the Board of Supervisors and management of the County and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



By: Eric H. Xin