

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

425A



FROM: County Auditor-Controller

SUBMITTAL DATE:
April 4, 2012

SUBJECT: Single Audit Report for Fiscal Year ending June 30, 2011.

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 the Single Audit as follows:

Departmental Concurrence

- 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.

(continued on page 2)

Paul Angulo

Paul Angulo, CPA, MA-Mgmt.
County Auditor-Controller

FINANCIAL DATA	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

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

APPROVE

C.E.O. RECOMMENDATION:

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

County Executive Office Signature

- Policy
- Policy
- Consent
- Consent

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

Prev. Agn. Ref.:	District: All	Agenda Number:
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ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

2.1

Form -11 - Single Audit Report for the Year ended June 30, 2011

April 4, 2012

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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, 2011.

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, 2011

**COUNTY OF RIVERSIDE, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

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BROWN ARMSTRONG

Certified Public Accountants

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

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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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2011. 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Riverside County Flood Control and Water Conservation District, the Housing Authority of the County of Riverside, Riverside County Regional Park and Open-Space District, Perris Valley Cemetery District, County of Riverside Redevelopment Agency, and the Children and Families First Commission of Riverside County, 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.



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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 item 2011-01, that we consider to be a significant deficiency 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 2011-01 through 2011-08.

We noted certain matters that we reported to management of the County in a separate letter dated December 28, 2011.

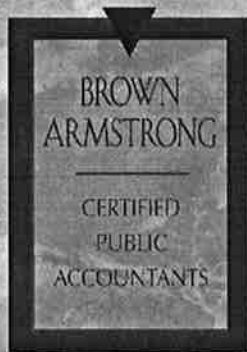
The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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 28, 2011



BROWN ARMSTRONG

Certified Public Accountants

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, SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT AGENCY (CaIEMA) AND CORRECTION STANDARD AUTHORITY GRANTS, AND THE SUPPLEMENTAL SCHEDULE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

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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, 2011. The County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 \$83,554,595 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 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.



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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, 2011. 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 2011-02 through 2011-08.

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 each 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 2011-02 through 2011-08. 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 as of and for the year ended June 30, 2011, and have issued our report thereon dated December 28, 2011. Our report included an explanatory paragraph regarding the County's adoption of the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. 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, 2011. 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 and Supplemental Schedule of Office of Emergency Services Grants and Supplemental Schedule of California Department of 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 Office of Emergency Services; 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
March 29, 2012

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through U.S. Forest Service</i>			
Cannabis	10.000	06-LE-1105-1360-029	\$ 40,207
Cooperative Forestry Assistance	10.664	08-DG-11051200-030	176,599
ARRA-Wildland Fire Management	10.688	09-DG-11059702-011	176,746
<i>Passed Through California Department of Social Services</i>			
State Administrative Matching Grants for Food Stamp Program	10.561	Riverside County	22,652,556
ARRA State Administrative Matching Grants for Food Stamp Program	10.561	Riverside County	502,918
Subtotal			23,155,474
<i>Passed Through California Department of Education</i>			
National School Lunch Program	10.555	33-34330-9003740-01	685,923
<i>Passed Through California Department of Public Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	99-85741; 00-90897	18,380,579
<i>Passed Through California Department of Food and Agriculture</i>			
Senior Farmers Market Nutrition Program	10.576	Riverside County	50,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE			42,665,528
U.S. DEPARTMENT OF COMMERCE			
<i>Passed Through City of Santa Ana Police Department</i>			
Public Safety Interoperable Communications Grant	11.555	2007-GS-H7-0008	780,656
TOTAL U.S. DEPARTMENT OF COMMERCE			780,656
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs</i>			
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	301-1000087	9,636,303
CDBG/Entitlement Grants - Neighborhood Stabilization Program	14.218	301-1000087	4,821,963
ARRA-Community Development Block Grants/Entitlement Grants	14.253	301-1000087	1,479,137
Subtotal - CDBG/Entitlement Grants Cluster			15,937,403
Emergency Shelter Grants Program	14.231	301-1000087	367,426
Supportive Housing Program	14.235	CA0667B9D080801&02;CA0668B9D080801&02;CA0669B9D080801;CA0670B9D080802;CA0672B9D080801&02;CA0673B9D080801&02;CA0674B9D080801&02;CA0675B9D080801&02;CA0676B9D080802;CA0677B9D080802;CA0678B9D080802;CA0679B9D080801&02;CA0680B9D080801&02;CA0682B9D080801;CA0684B9D080801&02;CA6B608001&2;CA16B708002&015;CA665B9D080800;CA0813B9D08080901;CA0935B9D081001;CA7344 CA16B608004;CA7343 CA16B708003;CA7443 CA16B708016; CA7341 CA679B9D0808; CA7341 CA16B708002/CA935B9D081001	6,559,354
Shelter Plus Care	14.238	CA0671C9D080801;CA06683C9D080801;CA16C508001;CA16708001;CA0671C9D080802;CA0683C9D080802;CA0664C9C080800;CA06664C9C080800;CA06664C9C080800	1,187,066
Home Investment Partnerships Program	14.239*	301-1000087	3,744,480
ARRA-Homelessness Prevention and Rapid Rehousing	14.257*	301-1000087	1,678,456
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	CALHB 0383-08	829,239
Healthy Homes Demonstration Grants	14.901	CALHH 0181-08	425,357

[1] N/A – Not Applicable

* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)			
<i>Passed Through California Housing and Community Development</i>			
Neighborhood Stabilization Program	14.218	301-1000087	1,567,610
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			32,296,391
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Programs</i>			
Inland Crackdown Allied Task Force	16.XXX	Riverside County	7,542
Solving Cold Cases with DNA	16.560	2009-DN-BX-K031	407,063
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2005WEAX0105	282,908
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	806,265
Bulletproof Vest Partnership Program	16.607	BVP2010	87,597
Public Safety Partnership and Community Policing Grant	16.710*	2008-CKWX-0505, 2010-CKWX-0145, 2010-CKWX-0146	1,166,312
ARRA-Public Safety Partnership and Community Policing Grant	16.710*	2009RJWX0015	4,368,776
Subtotal			5,535,088
Southwest Border Prosecution Initiative Program	16.755	N/A	453,797
Asset Forfeiture	16.999	N/A	1,284,994
Edward Byrne Memorial Justice Assistance Grant Program	16.738*	JAG 2008-DJ-BX-0161; JAG 2009 DJ-BX-0214; JAG 2010-DJ-BX-0339	268,441
ARRA-Justice Assistance Grant	16.804*	2009-SB-B90493	166,386
<i>Passed Through California Emergency Management Agency, Corrections Standard Authority</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738*	065-00000/DC:10210330	884,242
ARRA-Justice Assistance Grant	16.804*	065-00000/ZM:ZA:ZP:ZO 09010330	2,396,085
Subtotal- JAG Program Cluster			3,715,154
<i>Passed Through Drug Enforcement Agency</i>			
Cannabis Eradication Program	16.XXX	2010-41	117,572
<i>Passed Through United States Marshals Service</i>			
Regional Fugitive Task Force	16.XXX	FATF-11-0092	18,866
<i>Passed Through Federal Bureau of Investigation</i>			
Inland Regional Apprehension Team	16.XXX	Riverside County	22,495
Gang Impact Team	16.XXX	281D LA 223769	17,051
Organized Crime Drug Enforcement Task Force	16.XXX	SW-CAC-1047	20,022
<i>Passed Through California Emergency Management Agency & Corrections Standard Authority</i>			
Services for Trafficking Victims	16.320	065-00000/ZH09010330	225,928
Juvenile Accountability Block Grants	16.523	CSA-155-10	89,731
Crime Victim Assistance	16.575	SE 09120330, VW 10 29 0330, UV10 01 0330	636,473
Violence Against Women Formula Grants	16.588	PU 09070330, VV 10 02 0330	343,067
ARRA-Violence Against Women Formula Grants	16.588	SU 09010330	118,335
Subtotal			461,402
Residential Substance Abuse Treatment for State Prisoners	16.593	065-00000/RT 091010330, RT10020330	147,805
Project Safe Neighborhoods	16.609	US10 A3 0330	10,784
<i>Passed Through Bureau of Justice Assistance</i>			
Congressionally Recommended Awards	16.753	2009 D1 BX 0043	42,721
TOTAL U.S. DEPARTMENT OF JUSTICE			14,391,258

[1] N/A – Not Applicable

* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
OFFICE OF NATIONAL DRUG CONTROL POLICY			
<i>Direct Programs</i>			
High Intensity Drug Trafficking Areas Program	95.001	18PLAP540Z, G09LA0007A, G10LA0007A	1,255,136
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			1,255,136
U.S. DEPARTMENT OF LABOR			
<i>Passed Through County of San Luis Obispo</i>			
ARRA-Employment Service - Wagner/Peyser Funded Activities	17.207	146	21,246
<i>Passed Through California Employment Development Department</i>			
ARRA-Employment Service - Wagner/Peyser Funded Activities	17.207	144, 145	74,704
Subtotal			95,950
Workforce Investment Act (WIA) Adult Program	17.258*	201, 202, 442, 477	8,434,007
ARRA-Workforce Investment Act (WIA) Adult Program	17.258*	102, 104, 122	2,010,115
<i>Passed Through College of the Desert</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	693	146,863
<i>Passed Through Mt. San Jacinto Community College</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	970	49,016
<i>Passed Through County of San Bernardino</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	694, 695	190,000
<i>Passed Through California Employment Development Department</i>			
Workforce Investment Act (WIA) Youth Activities	17.259*	301	5,944,188
ARRA-Workforce Investment Act (WIA) Youth Activities	17.259*	103	1,992,927
Workforce Investment Act (WIA) Dislocated Worker	17.260*	153, 113, 501, 502, 540, 541	7,190,029
ARRA-Workforce Investment Act (WIA) Dislocated Worker	17.260*	105, 106, 108	4,659,548
Subtotal - Workforce Investment Act Cluster			30,616,693
<i>Passed Through California Department of Aging</i>			
Senior Community Service Employment Program (SCSEP)	17.235*	Riverside County	884,196
Senior Community Service Employment Program (SCSEP)	17.235*	AA-091011-21/ AD-19970-10-60-4-6	372,084
Subtotal			1,256,280
TOTAL U.S. DEPARTMENT OF LABOR			31,968,923
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct Programs</i>			
Federal Aviation Administration			
Airport Improvement Program (AIP)	20.106*	AIP-3-06-0255-19, AIP-3-06-0104-11, AIP-3-06-0338-24	3,984,202
Highway Planning and Construction			
ARRA-Highway Planning and Construction	20.205*	Fund Sources 103, 107, 108, 115, 120, 128, 150, 190, 216, 258, SR2SF5956 (176), SRTSLNI 5956 (184) & SRTSLNI 5956 (185)	19,747,042
	20.205*	Fund Sources 103, 116	6,602,928
Subtotal			26,349,970
<i>Passed Through California Office of Traffic Safety</i>			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1161	136,554
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			30,470,726

[1] N/A – Not Applicable
* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Department of the Treasury, Secret Service</i>			
Secret Service Reimbursement	21.000	Riverside County	<u>6,040</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through California Division of Water Quality</i>			
Headquarters and Regional Underground Storage Tanks Program	66.816	10-009-250	<u>468,537</u>
U.S. DEPARTMENT OF ENERGY			
<i>Direct Programs</i>			
Weatherization Assistance For Low-Income Persons	81.042*	09C-1778	593,024
ARRA-Weatherization Assistance For Low-Income Persons	81.042*	09C-1830	<u>2,485,640</u>
Subtotal			<u>3,078,664</u>
ARRA-Energy Efficiency and Conservation Block Grant Program	81.128*	DE-EE00000899	<u>2,590,257</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>5,668,921</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through California Department of Rehabilitation</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	27915 Regis # EP116122	321,002
ARRA-Rehabilitation Services - Vocational Rehabilitation Grants to States	84.390	27548A Regis # EP1056970	<u>3,155</u>
Subtotal- Vocational Rehabilitation Cluster			<u>324,157</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>324,157</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through National Association of County and City Health Officials</i>			
Medical Reserve Corps Small Grant Program	93.008	Riverside County	<u>1,638</u>
<i>Passed Through California Department of Aging</i>			
Special Programs for the Aging - Title VII, Chapter 3	93.041	AP-1011-21	<u>24,530</u>
Special Programs for the Aging - Title VII, Chapter 2	93.042	AP-1011-21	<u>74,847</u>
Special Programs for the Aging - Title III, Part D	93.043	AP-1011-21	<u>102,776</u>
National Family Caregiver Support, Title III, Part E	93.052	FC-1011-21	<u>755,175</u>
Special Programs for the Aging - Title III, Part B	93.044	FF-1011-21	1,952,284
Special Programs for the Aging - Title III, Part C	93.045	FF-1011-21	2,904,530
Nutrition Services Incentive Program	93.053	FF-1011-21	<u>382,454</u>
Subtotal - Aging Cluster			<u>5,239,268</u>
Medical Enrollment Assistance Program	93.071	2M-1011-21	<u>45,193</u>
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	HI-1011-21	<u>172,164</u>
<i>Passed Through California Department of Public Health</i>			
Childhood Lead Poisoning and Case Management	93.197	95-6000930	<u>125,767</u>
HIV Prevention Activities - Health Department Based	93.940	10-95281	<u>2,076,509</u>
Maternal and Child Health Services Block Grant	93.994	200833	<u>152,057</u>
<i>Passed Through California Department of Public Health - Emergency Preparedness Office</i>			
Public Health Emergency Preparedness	93.069	EPO 09-33	<u>1,961,974</u>
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	EPO 09-33	<u>1,407,300</u>
National Bioterrorism Hospital Preparedness Program	93.889	EPO 09-33	<u>528,872</u>

[1] N/A – Not Applicable

* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<i>Passed Through California Department of Health Services</i>			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	FEDS1011ISIT, FEDS29TASK, 10-33-90840-00	742,333
Immunization Grants	93.268	10-95393	443,584
Children's Health Insurance Program	93.767	Riverside County	869,652
Medical Assistance Program	93.778	Riverside County	71,471,659
ARRA-Medical Assistance Program	93.778	Riverside County	2,025,037
<i>Passed Through California State Department of Aging</i>			
Multipurpose Senior Services Program	93.778	MS-1011-24	594,628
Subtotal - Medicaid Cluster			74,091,324
<i>Passed Through California Department of Mental Health</i>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	556215168	324,732
Block Grant for Community Mental Health Services	93.958	556215168	2,433,278
<i>Passed Through Superior Court of California</i>			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79T1021540-01	101,016
<i>Passed Through California Family Health Council</i>			
Family Planning - Services	93.217	754-5320-7120-10 & 754-5320-71209-11	466,784
Community Challenge Grant	94.217	05-45317	118,036
<i>Passed Through California Department of Social Services</i>			
Promoting Safe and Stable Families	93.556	Riverside County	1,436,310
Refugee and Entrant Assistance - State Administered Programs	93.566	Riverside County	76,004
Child Welfare Services - State Grants	93.645	Riverside County	2,860,117
Foster Care - Title IV-E	93.658*	75-1545-0-1-609	41,204,408
ARRA-Foster Care - Title IV-E	93.658*	75-1545-0-1-610	1,077,446
Subtotal			42,281,854
Adoption Assistance	93.659*	Riverside County	19,265,753
ARRA-Adoption Assistance	93.659*	Riverside County	1,469,451
Subtotal			20,735,204
Social Services Block Grant	93.667*	Riverside County	3,064,263
Chafee Foster Care Independence Program	93.674	Riverside County	769,995
Temporary Assistance for Needy Families (TANF)	93.558*	Riverside County	205,298,096
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714*	Riverside County	4,421,771
Subtotal - TANF Cluster			209,719,867
<i>Passed Through California Department of Child Support Services</i>			
Child Support Enforcement	93.563*	OCSE-ACF	22,472,375
ARRA-Child Support Enforcement	93.563*	1004CA4002	878,231
Subtotal			23,350,606

[1] N/A – Not Applicable
* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO. [1]	AMOUNT
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<i>Passed Through California Department of Community Services and Development</i> Low-Income Home Energy Assistance Program	93.568	09B-5531, 10B-5631, 11B-5731	<u>3,479,535</u>
Community Services Block Grant (CSBG)	93.569*	10F-4034 and 11F-4234	<u>2,133,747</u>
ARRA-Community Services Block Grant	93.710*	09F-5134	<u>1,182,350</u>
Subtotal - CSBG Cluster			<u>3,316,097</u>
Community Services Block Grant_Discretionary Awards	93.570	10F-4072, 10F-4081, 10F-4109, 11F-4282	<u>329,571</u>
<i>Passed Through California Department of Education</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CAPP-0048	<u>1,251,958</u>
<i>Passed Through Health Resources and Services Administration</i>			
Health Care and Other Facilities	93.887	C76HF09408-01-01;C76HG09409-01-00	<u>2,355,158</u>
Specially Selected Health Projects	93.888	D1ARH20093	<u>99,000</u>
<i>Passed Through County of San Bernardino</i>			
HIV Emergency Relief Project Grants	93.914	01-584 A-1	<u>1,084,037</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>10,526,860</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>418,995,245</u>
NATIONAL SENIOR SERVICE CORPORATION			
<i>Passed Through Corporation for National and Community Service</i> Retired and Senior Volunteer Program	94.002	M1-1011-21	<u>72,796</u>
SOCIAL SECURITY ADMINISTRATION			
<i>Direct Program</i>			
SSA - Social Security Administration	96.000	N/A	<u>169,800</u>
TOTAL SOCIAL SECURITY ADMINISTRATION			<u>169,800</u>
U.S. Marshals Service			
<i>Direct Program</i>			
U.S. Customs Reimbursement	97.000	N/A	<u>630</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Governor's Office of Homeland Security</i>			
Non-Profit Security Program	97.008	065-6200	<u>75,654</u>
Homeland Security Grant Program	97.067*	2007-008; 2008-006	<u>2,849,265</u>
Metropolitan Medical Response System	97.071*	Riverside County	<u>329,785</u>
State Homeland Security Program (SHSP)	97.073	Riverside County	<u>857,017</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>4,111,721</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 583,646,465</u>

[1] N/A – Not Applicable

* Major Program

See accompanying note to schedule of expenditures of federal awards.

**COUNTY OF RIVERSIDE, CALIFORNIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

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:

County Program Title	CFDA No.	Amount	ARRA Funds	Total
Public Safety Interoperable Communications Grant	11.555	\$ 747,844	\$ -	\$ 747,844
Community Development Block Grants/Entitlement Grants	14.218	5,380,169	-	5,380,169
Neighborhood Stabilization Program	14.218	1,206,530	-	1,206,530
Emergency Shelter Grants Program	14.231	367,426	-	367,426
Supportive Housing Program	14.235	5,136,038	-	5,136,038
Shelter Plus Care	14.238	1,187,066	-	1,187,066
ARRA: Homelessness Prevention and Rapid Rehousing	14.257	-	1,611,146	1,611,146
Residential Substance Abuse Treatment Program	16.593	17,209	-	17,209
COPS Methamphetamine Initiative	16.710	58,201	-	58,201
Justice Assistance Formula Grant	16.738	101,198	-	101,198
California Multi-Jurisdictional Methamphetamine Recovery Act	16.804	-	5,234	5,234
ARRA: Anti-Drug Abuse Enforcement Recovery Act Program	16.804	-	41,490	41,490
Asset Forfeiture	16.999	19,675	-	19,675
Workforce Investment Act (WIA) Adult Program	17.258	253,584	-	253,584
ARRA: Workforce Investment Act (WIA) Adult Program	17.258	-	983,062	983,062
Workforce Investment Act (WIA) Youth Activities	17.259	3,403,480	-	3,403,480
ARRA: Workforce Investment Act (WIA) Youth Activities	17.259	-	1,732,870	1,732,870
Workforce Investment Act (WIA) Dislocated Worker	17.260	324,797	-	324,797
ARRA: Workforce Investment Act (WIA) Dislocated Worker	17.260	-	812,133	812,133
ARRA: Energy Efficiency and Conservation Block Grant Program	81.128	-	15,000	15,000
Special Programs for the Aging - Title VII, Chapter 2	93.042	74,847	-	74,847
Special Programs for the Aging - Title III, Part B	93.044	632,174	-	632,174
Special Programs for the Aging - Title III, Part C	93.045	2,150,749	-	2,150,749
National Family Caregiver Support - Title III, Part E	93.052	209,826	-	209,826
Nutrition Services Incentive Program (NSIP)	93.053	376,417	-	376,417
Medicare Improvements for Patients and Provider Act	93.071	12,366	-	12,366
American Lung Association	93.116	490,676	-	490,676
Tuberculosis Epidemiologic Studies	93.116	108,335	-	108,335
Refugee Health (ALAC)	93.116	85,360	-	85,360
ARRA:Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714	-	1,045,555	1,045,555
Medical Assistance Program	93.778	269,617	-	269,617
Health Care Financing Research, Demonstrations and Evaluations (HCFA Research)	93.779	151,506	-	151,506
State Office of AIDS Care Early Intervention	93.940	210,000	-	210,000
HIV/AIDS Prevention Program	93.940	25,000	-	25,000
Homeland Security Grant Program	97.067	2,133,875	-	2,133,875
Total		\$ 25,133,965	\$ 6,246,490	\$ 31,380,455

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

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
14.239	Home Investment Partnerships Program
14.257	ARRA: Homelessness Prevention and Rapid Rehousing
16.710	COPS Methamphetamine Initiative and Hiring Recovery Program, including ARRA Grant
16.804/16.738	JAG Program Cluster, including ARRA Grant
17.235	Senior Community Service Employment Program (SCSEP)
17.258, 17.259, 17.260	Workforce Investment Cluster, including ARRA Grants
20.106	Airport Improvement
20.205	Highway Planning and Construction, including ARRA Grant
81.042	Weatherization Assistance For Low-Income Persons, including ARRA Grant
81.128	ARRA: Energy Efficiency and Conservation Block Grant Program (EECBG)
93.558, 93.714	Temporary Assistance for Needy Families Cluster, including ARRA Grant
93.563	Child Support Enforcement, including ARRA Grant
93.569, 93.710	Community Services Block Grant Cluster, including ARRA Grant
93.658	Foster Care (Title IV-E), including ARRA Grant
93.667	Social Services Block Grant
97.067	Homeland Security Grant Program
97.071	Metropolitan Medical Response System
93.659	Adoption Assistance, including ARRA Grant

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

II. FINANCIAL STATEMENT FINDING

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 2011-01 – Waste Management Accounting

Criteria:

To ensure that the financial statements are free of reportable errors the Waste Management Department (Department) should recruit a qualified accountant.

Condition:

We detected reportable errors during our audit and proposed material adjusting entries to closure liability and the related expense/net assets account.

Context:

The condition was noted while we performed our audit on the financial statements of the Waste Management Enterprise Fund.

Effect:

Reportable conditions exist and can continue to occur if the Department does not have adequately trained and qualified staff.

Cause:

The cause of the reportable errors is likely a result of the Department's cost saving reorganization plan that was implemented shortly after fiscal year-end. The Department's reorganization plan included elimination of the Department's Accounting Manager position in place of a lower salaried Supervising Accountant position.

Recommendation:

We recommend that the Department recruit a qualified accountant as soon as possible. Meanwhile, the Department can seek temporary help from an outside source or from the Auditor-Controller's Office.

View of Responsible Official and Planned Corrected Actions:

Management agrees with the recommendation to recruit and hire a qualified accountant and initiated a recruitment to hire at the Supervising Accountant level in September 2011. The Department was provided with a candidate listing and conducted interviews in November 2011. From the initial referral list, no candidate was selected and a supplemental list was requested. The Department scheduled interviews for candidates identified on the supplemental list to occur January 12, 2012. On February 9, 2012, the Department hired a Supervising Accountant, Margaret Herrero. Ms. Herrero has been employed as an accountant since 1998 and has been a senior accountant with Riverside County since July 2007. She has a Bachelor of Science degree and a Master of Business Administration. The Department requested and received assistance from the Auditor Controller's Office throughout, and subsequent to, the audit before Ms. Herrero was hired.

Management agrees that material adjustments were necessary. The Department identified the need for and made adjustments to correct the OASIS Asset Management module. Closure liability requirements are regulated by the California Department of Resources Recycling and Recovery (CalRecycle). The Department held several meetings with CalRecycle throughout fiscal year 2011 to ensure compliance with newly updated financial liability reporting requirements. Annual fluctuations are routine and it is standard practice to make adjustments after the final audit review. Other adjustments were minor and fell within the norm of year-end adjustments.

Contact Information of Responsible Official:

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Waste Management Department

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III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2011-02

Program: ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF ECF)

CFDA No.: 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: Matching, Level of Effort, Earmarking

Questioned Costs: \$173,866

Criteria:

Per County Fiscal Letter, TANF ECF funds will cover 80 percent of expenditures exceeding the base, while Counties must fund the remaining 20 percent. Counties will have four different ways to fund the 20 percent, which includes using County funds/third party contributions, Single Allocation, or Fraud incentives.

Condition:

TANF ECF funds cover 80 percent of expenditures exceeding the base, while Department of Public Social Services (DPSS) should fund the remaining 20 percent through County funds or third party contributions. During our recalculation of the DPSS match, we noted there was an incorrect match calculation for the 1st and 2nd quarter. This resulted in an incorrect Federal and County share reported in the County Welfare Department Expense Claim (CEC).

Context:

The conditions noted above were identified during our examination of the County's compliance with matching, level of effort, and earmarking requirements.

Effect:

The County risks noncompliance with matching requirements as set forth in the final claiming instruction for TANF ECF.

Cause:

The DPSS staff did not properly calculate the STEP expenditure and match, resulting in an incorrect amount reported on the CEC report.

Recommendation:

DPSS should consider implementing stronger internal controls to ascertain that matching is properly calculated to ensure compliance with grant requirements.

Views of Responsible Officials and Planned Corrective Actions:

Per DPSS management on November 2, 2011, the errors identified have been corrected and a new CEC was filed with the California Department of Social Services (CDSS). This program sunsets on September 30, 2010. No additional claims will be filed.

Contact Information of Responsible Official:

Monica Bentley, Fiscal Manager

Department of Public Social Services

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Finding 2011-03

**Program: Temporary Assistance for Needy Families (TANF) Cluster, Including ARRA Grant
CFDA No.: 93.558 & 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 2010-2011
Compliance Requirement: Eligibility & Special Provisions Test
Questioned Costs: None**

Criteria:

The March 2011 Office of Management and Budget (OMB) Circular A-133 Compliance Supplement requires 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:

During our testing we audited 40 CalWORKS cases to ensure the County utilized the IEVS to verify eligibility using wage information available to verify income and the amount of eligible benefits. Per the Department's policies, caseworkers are required to utilize the IEVS to verify the eligibility of individual to receive CalWORKS benefits. The IEVS reports are required to be signed by the caseworkers as evidence of their review of income eligibility within 45 calendar days of the run date printed on the IEVS abstract. Of the 40 CalWORKS case files selected for testing, we noted 6 cases where the IEVS reports were not signed by the caseworker and 1 case where the IEVS report was signed by the caseworker but not reviewed within the 45 calendar days.

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 Circular A-133 Compliance Supplement.

Cause:

The eligibility workers did not document their use of IEVS or properly sign and date the IEVS matching report.

Recommendation:

The County should consider implementing stronger internal controls to ascertain that the IEVS reports are properly signed and reviewed to ensure compliance with the Federal special tests and provision requirements.

Views of Responsible Officials and Planned Corrective Actions:

Per DPSS management on November 2, 2011, management concurs with the audit finding. Management has put in place the following corrective action plan: DPSS staff has received additional policy and verbal reminders when supervisory and quality control audits found deficiencies in this area. IEVS reviews are now listed tasks for staff in the C-IV system and are monitored on a regular basis by supervisors and managers to ensure that the IEVS reports are reviewed and signed off. With continued task monitoring, reminders when deficiencies in IEVS reviews are discovered during audits, and follow-up training, this area should show significant improvement during subsequent audits.

Contact Information of Responsible Official:

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Finding 2011-04

Program: Foster Care Title IV-E, Including ARRA Grant

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 2010-2011

Compliance Requirement: Eligibility

Questioned Costs: None

Criteria:

Per the Processing Applications for Foster Care (FC), Department policy Foster Care Eligibility Technician (FC ETs) must complete form FC-2 - Statement of Facts Supporting Eligibility for Federal aid for dependent child – foster care (AFDC-FC) for every application received. Per Federal AFDC-FC Program Department Policy, FC ETs must complete form FC 3-Federal AFDC-FC Eligibility once the Preponderance of Evidence Model (POEM) process is complete for every application received.

Condition:

During our testing we audited 68 Foster Care Title IV-E cases to ensure that the County is determining whether a child is eligible to AFDC-FC funds. Of the 68 case files selected for testing, we noted:

- 1 case did not include the completed initial application FC 2 - Statement of Facts Supporting Eligibility for AFDC-FC form signed by the placement worker and eligibility worker in the case file.
- 2 cases did not include the initial application FC 3 - Determination of Federal AFDC-FC Eligibility form signed by the eligibility worker in the case file.

Context:

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

Effect:

The County risks noncompliance with the Department's Foster Care policies and procedures. This could also lead to errors in eligibility determination by FC ETs.

Cause:

The FC ET did not complete the initial application FC 2 - Statement of Facts Supporting Eligibility for AFDC-FC form and initial application FC 3 - Determination of Federal AFDC-FC Eligibility form.

Recommendation:

The County should consider implementing stronger internal controls to ascertain the required initial application forms exist and are properly signed to ensure compliance with the Federal eligibility requirements.

Views of Responsible Officials and Planned Corrective Actions:

Per DPSS management on November 2, 2011, normally the forms FC 2 and FC 3 are reviewed and signed before they are imaged in C-IV. To meet the requirements to comply with Federal and State policy, FC staff will review and sign the documentation required to support eligibility are properly completed. FC supervisors will remind staff to make sure their staff signs all documents that require a signature. In addition, QA and Supervisor's audits will be conducted to make sure all forms are meeting the Federal and State program eligibility requirements. Corrective Action: The three cases cited in error were reviewed by Eligibility staff who signed the required section on the FC 2 and FC 3 forms. The revised forms were then imaged into the FC case.

Contact Information of Responsible Official:

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Finding 2011-05

Program: Across All Department of Public Social Services (DPSS) Programs, Including ARRA Grant Funding

CFDA No.: Various DPSS

Federal Agency: Various DPSS

Passed Through: Various DPSS

Award Year: Fiscal Year 2010-2011

Compliance Requirement: Payroll Control

Questioned Costs: None

Criteria:

Per inquiry with client and review of the General Time Study Instructions for all DPSS staff, allocated hours and non-allocated hours need to match with time sheet and time study. If the employee catches the mistake, they are able to revise their time sheet to make the correction. Management is supposed to review both documents before signing off on the time sheet and time study.

Condition:

During our payroll testing we noted 16 cases out of 40 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. Per review of the General Time Study Instructions for all DPSS staff, non-allocable time is time spent away from work and includes, but is not limited to vacation, sick leave, furlough hours, etc. For each of the 16 cases we noted vacation, sick leave, or furlough hours were not correctly reported on the time study as non-allocable hours.

Context:

The conditions noted above were identified during our examination of the County's compliance with payroll controls. This appears to be an ongoing problem within the DPSS.

Effect:

This could potentially lead to over claiming of payroll expenditures.

Cause:

For the 16 cases we noted vacation, sick leave, or furlough hours were not correctly reported on the time study as non-allocable hours.

Recommendation:

We recommend 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 any time a supervisor receives a revised employee's time sheet, a revised time study also be received and reviewed.

Views of Responsible Officials and Planned Corrective Actions:

To address the payroll control finding, DPSS has implemented corrective actions to instruct staff and supervisors to match the time sheet hours to the time study hours. This was done by implementing instruction to staff through quarterly time study memorandums throughout the department, e-mail messages that delivers the time study form to staff, a message with instructions is included on the actual time study form, and quarterly e-mail reminders for time study due dates. Time study training is also provided at induction and new employee orientation to instruct new staff to match the time sheet to the time study.

Contact Information of Responsible Official:

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Finding 2011-06

Program: Workforce Investment Act Cluster, Including ARRA Grants

CFDA No.: 17.258, 17.259, 17.260

Federal Agency: U.S. Department of Labor

Passed Through: State of California Employment Development Department

Award Year: Fiscal Year 2010-2011

Compliance Requirement: Cash Management and Reporting

Questioned Costs: None

Criteria:

The County of Riverside Economic Development Agency (EDA) is required to submit cash requests (cash draws) to minimize the time between receipt and disbursement of funds and cash should only be requested to meet actual immediate cash needs within the billing cycle. The County of Riverside EDA is also required to submit ARRA section 1512 reports to Federalreporting.gov on a quarterly basis.

Condition:

Cash Draw Requests: When tracing the cash draw supporting documentation to the Cash Draw Request Calculations worksheet, we noted two of the five cash draws selected for testing had clerical errors (typos) on the worksheet that were not caught during review. However, due to the procedures performed in preparing the cash draws, the errors appeared to be corrected on the next cash draw submitted to the State.

ARRA Section 1512 Reports: When tracing the ARRA 1512 supporting documentation to the ARRA 1512 reports, we noted one of the two ARRA reports selected for tested had a clerical error that was not caught during review. We noted the summer youth FTE hours were not included in the ARRA report.

Context:

The conditions noted above were identified during our examination of the County's compliance with cash management and reporting.

Effect:

Reports being submitted to the State contain clerical errors that could over or under state expenditures and the number of jobs created.

Cause:

Cash Draw Requests: Noted clerical errors on the Cash Draw Request Calculations worksheet were not caught during review.

ARRA Section 1512 Reports: We noted summer youth FTE hours were not included in the 1512 report summary total worksheet. The clerical error subsequently caused the ARRA report for the 1st quarter to understate the number of jobs created (saved).

Recommendation:

The County of Riverside EDA should implement a formal review process to ensure all reports filed are accurate and complete prior to being submitted to the State. EDA should also consider contacting the State to find out how to go about correcting a prior quarters ARRA 1512 Report.

Views of Responsible Officials and Planned Corrective Actions:

The items noted in the single audit report were due to human error and immediately corrected in compliance with existing regulations and procedures. Revisions have been implemented to our procedures to improve overall internal control objectives and recommendations made by the audit.

In response to recommendation one, regarding Cash Draws, the EDA will ensure all cash draws are reviewed carefully by the preparer and management prior to submission to the State. Procedures in place during the fiscal year 2010-11 require the preparer and management carefully review all reports submitted to the state, and provide a process for corrections, if necessary. Cash request procedures required the reconciliation of the prior cash request submission. This mechanism allowed for the error noted in the single audit to be corrected on the next cash request submission. However, the error was also indicative of staff needing more time to review all necessary documentation in preparation of cash requests.

Effective November 1st, 2011, procedures were revised to increase the time allotted for the preparation of reports and cash requests. All reports and cash submissions will continue to require preparation by an accountant and review and approval by the accounting supervisor and management staff.

In response to recommendation two, the ARRA 1512 report was due to the State on a quarterly basis on the 10th of the month before the close of the quarter. Limited guidance was provided by the State when EDA inquired about necessary corrections prior to the audit. EDA was advised that instructions to correct prior quarters were not available. Pursuant to Section 5.10 Part 2 of the OMB Memorandum M-10-08, dated December 18, 2009, indicates in part that recipients wishing to make corrections for prior reports for prior quarters shall maintain this information in their administrative record for submission in a manner to be specified at a later date. EDA provided the auditors with the OMB guidance on prior quarter corrections during the audit fieldwork. EDA did contact the State and e-mailed a revised report. To date, the State has not received instructions from OMB on how to make corrections in recovery.gov.

EDA does have a process in place that requires both the preparer and supervisor, along with management to review data. More time will be allowed for review of accuracy and input of data. As of June 30, 2011, EDA has fully expended all of its ARRA WIA funds. Therefore, no further ARRA reports will be filed with the State.

Contact Information of Responsible Official:

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Finding 2011-07

Program: Weatherization Assistance Program, Including ARRA Grant

CFDA No.: 81.042

Federal Agency: U.S. Department of Energy

Passed Through: None

Award Year: Fiscal Year 2010-2011

Compliance Requirement: Reporting

Questioned Costs: None

Criteria:

The program is required to report the correct information related to the demographics of program participants, as well as the specific measures and services during the report period.

Condition:

We noted multiple discrepancies during our Weatherization Assistance Program (WAP) Expenditure Activity Reporting System (EARS) testing. We decided to extend our procedures to include the demographic and measurement information that is being reported. We noted 9 systematic issues related to the demographic and measurement section of the report.

Context:

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

Effect:

The County risks noncompliance with reporting requirements as set forth in the Department of Energy reporting requirements.

Cause:

The WAP staff did not properly calculate the EARS Performance information that was reported.

Recommendation:

We suggest a policies and procedures guide be developed internally by management and reporting staff in order for a structured reporting process to be implemented and adhered to. We suggest an internal checklist be created for staff members who will be entering information into the demographic and measurement spreadsheet from individual case files. A checklist would also be helpful for inputting information from the demographic and measurement spreadsheet to the EARS report. We believe a detailed training program needs to be established and implemented for all staff members who will be involved in the reporting process. We suggest a peer review system be implemented to catch errors before they are included in the EARS report. We suggest 5 random cases, per reporting staff member, be selected and reviewed by a peer. This would enable staff members to identify common mistakes made by peers and make them aware of areas where they might make their own mistakes.

Views of Responsible Officials and Planned Corrective Actions:

In response to the recommendations provided above, the WAP has provided the following responses. A policies and procedures manual has been created and is being finalized for implementation. A checklist has been created and implemented for staff use regarding the demographic and measurement spreadsheet to the EARS report. A training program for staff is already in place. Training is conducted on various levels – State and internal on-going training. As changes are made within the program, staff received additional training. Training on Energy programs remains an on-going process. Errors occur during the process of training new staff due to a learning curve. Monitoring of new staff work will be increased to ensure quality and accuracy of work being completed while they are in training. Regarding peer review, this is being implemented. Also, the supervisor will conduct a random review of all work being performed. CAP Riverside will also adopt the template being recommended for formula driven spreadsheet. However, the Energy Supervisor may contact Brown Armstrong for assistance in this area.

Contact Information of Responsible Official:

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Finding 2011-08

Program: ARRA: Energy Efficiency and Conservation Block Grant

CFDA No.: 81.128

Federal Agency: U.S. Department of Energy

Passed Through: None

Award Year: Fiscal Year 2010-2011

Compliance Requirement: Reporting

Questioned Costs: None

Criteria:

ARRA 1512 reports require the proper contract amount be reported for each contracted vendor and the Federal Reporting requirements also state the Expenditure amount on the contract needs to be properly reflected for the entire reporting quarter.

Condition:

During our testing of the Energy Efficiency and Conservation Block Grant (EECBG) we noted there was a discrepancy between the ARRA 1512 report and supporting documentation that showed the amount of the contract for a specific vendor, Greer Banner Air (Greer). The discrepancy was the contracted amount, as well as the expenditure amount was reported incorrectly on the ARRA 1512 report. We also noted there was a discrepancy between the PAGE Performance Report and the same supporting documentation. However, with the PAGE report the program was correctly reporting the expenditure amount, but failed to update the new contracted amount.

Context:

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

Effect:

The County risks underreported expenditures related to the Greer's contract.

Cause:

The EECBG staff did not properly calculate the expenditure and did not update the ARRA 1512 report to reflect a change in the contract with Greer's.

Recommendation:

We recommend EECBG should consider implementing stronger internal controls to ascertain ARRA 1512 reports are properly calculated to ensure compliance with grant requirements.

Views of Responsible Officials and Planned Corrective Actions:

The error in the amount of the contract for Greer's Banner Air on the ARRA 1512 report was corrected the same week the auditing team did the site visit. Subsequently, every contract amount listed in both PAGE and the ARRA 1512 report is updated quarterly to reflect changes. The PAGE and ARRA 1512 reports are also compared quarterly to ensure the contract amounts match.

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, 2011**

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 roll-forward 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.

Current Year Status:

Implemented.

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 (DBF) 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 DBF 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 DBF 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 DBF 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 DBF Module.

View of Responsible Official and Planned Corrected Actions:

The Transportation and Land Management Agency (TLMA) and the Oasis Team are working together to resolve this finding. DBF Module 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.

Current Year Status:

Implemented.

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 Circular 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.

Current Year Status:

Not implemented; See Current Finding 2011-03.

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 (Department) compliance with Allowable Costs/Cost Principle.

Effect:

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

Cause:

In the EXCEL worksheet that the 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 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.

Current Year Status:

Implemented.

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 (Department) 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 Department 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 Circular 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:

The 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. The 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. The 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.

Current Year Status:

Implemented.

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 Circular A-133 *Compliance Supplement*.

Cause:

The primary cause was an 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:

1. The Housing Specialists, which are the case managers for every Homelessness Prevention and Rapid Re-Housing Program (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.

Current Year Status:

Implemented.

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 from 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 Aging 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 Aging Department cannot go back and correct any recertifications that were late previously.

Current Year Status:

Implemented.

Finding 2010-08

Program: Justice Assistance Grant (JAG) and 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 Schedule of Expenditures of Federal Awards (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 Sheriff's Department concurs with the finding and will implement the recommendation.

Current Year Status:

Implemented.

**COUNTY OF RIVERSIDE, CALIFORNIA
SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT
AGENCY (CalEMA) AND CORRECTION STANDARD AUTHORITY GRANTS
FOR THE YEAR ENDED JUNE 30, 2011**

Grant #/Pass-Through Grantor	Description		
CSA-155-09	Juvenile Accountability Block Grants		
Personnel Services	\$ 49,970	Federal Portion	\$ 89,731
Operating Expenses	35,273	Match	9,434
Equipment	<u>13,922</u>		<u>-</u>
Total Expenses	<u>\$ 99,165</u>		<u>\$ 99,165</u>

Grant #/Pass-Through Grantor	Description		
SE 09120330	Special Emphasis Assistance Program		
Personnel Services	\$ 34,376	Federal Portion	\$ 28,751
Operating Expenses	1,250	Match	6,875
Equipment	<u>-</u>		<u>-</u>
Total Expenses	<u>\$ 35,626</u>		<u>\$ 35,626</u>

Grant #/Pass-Through Grantor	Description		
VW 10290330	Victim Witness Assistance Program		
Personnel Services	\$ 870,730	Federal Portion	\$ 515,556
Operating Expenses	125,115	Match	480,289
Equipment	<u>-</u>		<u>-</u>
Total Expenses	<u>\$ 995,845</u>		<u>\$ 995,845</u>

Grant #/Pass-Through Grantor	Description		
PU 09070330	Violence Against Women Formula Grants		
Personnel Services	\$ 150,246	Federal Portion	\$ 112,684
Operating Expenses	-	Match	37,562
Equipment	<u>-</u>		<u>-</u>
Total Expenses	<u>\$ 150,246</u>		<u>\$ 150,246</u>

**COUNTY OF RIVERSIDE, CALIFORNIA
 SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT
 AGENCY (CalEMA) AND CORRECTION STANDARD AUTHORITY GRANTS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2011**

Grant #/Pass-Through Grantor	Description		
VV 10020330	Violence Against Women - Vertical Prosecution		
Personnel Services	\$ 265,101	Federal Portion	\$ 230,383
Operating Expenses	40,650	Match	75,368
Equipment	-		-
Total Expenses	\$ 305,751		\$ 305,751

Grant #/Pass-Through Grantor	Description		
ZH09010330	Services for Trafficking Victims		
Personnel Services	\$ 177,553	Federal Portion	\$ 225,928
Operating Expenses	48,375	Match	-
Equipment	-		-
Total Expenses	\$ 225,928		\$ 225,928

Grant #/Pass-Through Grantor	Description		
UV10010330	Underserved Victim Advocacy and Outreach		
Personnel Services	\$ 99,753	Federal Portion	\$ 92,166
Operating Expenses	4,814	Match	12,401
Equipment	-		-
Total Expenses	\$ 104,567		\$ 104,567

Grant #/Pass-Through Grantor	Description		
SU 09010330	ARRA: Sexual Assault Specialized Response Unit		
Personnel Services	\$ 116,405	Federal Portion	\$ 118,335
Operating Expenses	43,487	Match	41,557
Equipment	-		-
Total Expenses	\$ 159,892		\$ 159,892

Grant #/Pass-Through Grantor	Description		
RT 091010330	Residential Substance Abuse Treatment Program Grant		
Personnel Services	\$ 108,619	Federal Portion	\$ 108,619
Operating Expenses	-	Match	-
Equipment	-		-
Total Expenses	\$ 108,619		\$ 108,619

**COUNTY OF RIVERSIDE, CALIFORNIA
 SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT
 AGENCY (CalEMA) AND CORRECTION STANDARD AUTHORITY GRANTS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2011**

Grant #/Pass-Through Grantor	Description		
RT10020330	Residential Substance Abuse Treatment Program Grant		
Personnel Services	\$ 31,853	Federal Portion	\$ 39,186
Operating Expenses	63,457	Match	56,124
Equipment	-		-
Total Expenses	\$ 95,310		\$ 95,310

Grant #/Pass-Through Grantor	Description		
US 10A30330	Project Safe Neighbor-Anti Gang Initiative		
Personnel Services	\$ 10,784	Federal Portion	\$ 10,784
Operating Expenses	-	Match	-
Equipment	-		-
Total Expenses	\$ 10,784		\$ 10,784

Grant #/Pass-Through Grantor	Description		
DC10210330	Federal Anti-Drug Abuse Program		
Personnel Services	\$ -	Federal Portion	\$ 884,242
Operating Expenses	884,242	Match	-
Equipment	-		-
Total Expenses	\$ 884,242		\$ 884,242

Grant #/Pass-Through Grantor	Description		
ZM 09010330	ARRA: Multi-Jurisdictional Methamphetamine Recovery Act		
Personnel Services	\$ 107,685	Federal Portion	\$ 107,685
Operating Expenses	-	Match	-
Equipment	-		-
Total Expenses	\$ 107,685		\$ 107,685

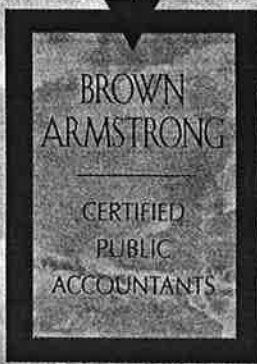
Grant #/Pass-Through Grantor	Description		
ZA0901010330	ARRA: State Victims Assistance Formula Grant		
Personnel Services	\$ 32,926	Federal Portion	\$ 115,375
Operating Expenses	82,449	Match	-
Equipment	-		-
Total Expenses	\$ 115,375		\$ 115,375

**COUNTY OF RIVERSIDE, CALIFORNIA
 SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT
 AGENCY (CalEMA) AND CORRECTION STANDARD AUTHORITY GRANTS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2011**

Grant #/Pass-Through Grantor	Description		
ZP09010330	ARRA: Evidence Based Probation Supervision		
Personnel Services	\$ 848,726	Federal Portion	\$ 1,075,082
Operating Expenses	226,356	Match	-
Equipment	-		-
	<u> </u>		<u> </u>
Total Expenses	<u>\$ 1,075,082</u>		<u>\$ 1,075,082</u>
Grant #/Pass-Through Grantor	Description		
ZO09010330	ARRA: Justice Assistance Grant-Offender Treatment		
Personnel Services	\$ 21,294	Federal Portion	\$ 1,097,943
Operating Expenses	1,076,649	Match	-
Equipment	-		-
	<u> </u>		<u> </u>
Total Expenses	<u>\$ 1,097,943</u>		<u>\$ 1,097,943</u>

**COUNTY OF RIVERSIDE, CALIFORNIA
SUPPLEMENTAL PROGRAMS SCHEDULE FOR OFFICE OF AGING
STATE DEPARTMENT OF AGING GRANTS
FOR THE YEAR ENDED JUNE 30, 2011**

County Program Title	CFDA No.	PASS-THROUGH ENTITY IDENTIFYING NO.	Federal		State	
			Expenditures	Pass-Through to Subrecipients	Expenditures	Pass-Through to Subrecipients
DEPARTMENT OF LABOR						
Pass-Through California State Department of Aging Senior Community Service Employment Program (SCSEP)	17.235	TV-1011-21/AD-125251-02-55-06	\$ 884,196	\$ -	\$ -	\$ -
APPROP: Senior Community Service Employment Program (SCSEP)	17.235	AA-091011-21/AD-19970-10-60-A-6	372,084	-	-	-
TOTAL DEPARTMENT OF LABOR			1,256,280	-	-	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass-Through California State Department of Aging Special Programs for the Aging - Title VII, Chapter 3	93.041	AP-1011-21	24,530	-	-	-
Special Programs for the Aging - Title VII, Chapter 2	93.042	AP-1011-21	-	74,847	-	-
Special Programs for the Aging - Title III Part D	93.043	AP-1011-21	102,776	-	-	-
Special Programs for the Aging - Title III Part B	93.044	FF-1011-21	1,952,284	632,174	-	-
Special Programs for the Aging - Title III Part C	93.045	FF-1011-21	2,904,530	2,150,749	322,535	321,345
National Family Caregivers Support - Title III-E	93.052	FC-1011-21	755,175	209,826	-	-
Nutrition Services Incentive Program (NSIP)	93.053	FF-1011-21	382,454	376,417	-	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			6,121,749	3,444,013	322,535	321,345
Medical Enrollment Assistance Program	93.071	2M-1011-21	45,193	12,366	-	-
Medical Assistance Program, Multipurpose Senior Services Program	93.778	MS-1011-24	594,628	-	594,628	-
Health Care Financing Research, Demonstrations and Evaluations (HCFA Research)	93.779	HI-1011-21	172,164	151,506	302,326	285,300
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			6,933,734	3,607,885	1,219,489	606,645
Pass-Through California Department of Aging Ombudsman Volunteer Recruitment Initiative		AP-1011-21	-	-	142,057	142,057
TOTAL CALIFORNIA STATE DEPARTMENT OF AGING (PASS-THROUGH AND DIRECT GRANTS)			8,190,014	3,607,885	1,361,546	748,702
DEPARTMENT OF AGRICULTURE						
Pass-Through California Department of Food and Agriculture Senior Farmers Market Nutrition Program	10.576	N/A	50,000	-	-	-
NATIONAL SENIOR SERVICE CORPORATION						
Pass-Through Corporation for National and Community Service Retired and Senior Volunteer Program	94.002	MI-1011-21	72,796	-	-	-
Pass-Through Riverside County Children and Families Commission First Five-Grandparent Raising Grandchildren		06-90770P, 06-70010P	-	-	571,897	571,897
Pass-Through Department of Mental Health Prevention and Early Intervention (PEI) Care Pathway PEI Care Link		440-8865 and 440-8856	-	-	194,362	194,362
Total			\$ 8,312,810	\$ 3,607,885	\$ 2,127,805	\$ 766,259



BROWN ARMSTRONG

Certified Public Accountants

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 (County) for the year ended June 30, 2011, and have issued our report thereon dated December 28, 2011. 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.

There are no current year agreed upon conditions or recommendations as a result of our audit. The status of prior year agreed upon conditions are as follows:

Current Year Agreed Upon Conditions and Recommendations

None.

Status of Prior 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.

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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.

Current Year Status

Recommendation has been implemented.

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.

Current Year Status

Recommendation has been implemented.

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