

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

319
A



FROM: County Auditor-Controller

SUBMITTAL DATE:
April 17, 2013

SUBJECT: Fiscal Year 2011-12 Statement of Net Assets With Independent Auditor's Report.

RECOMMENDED MOTION: Receive and file Fiscal Year 2011-12 Statement of Net Assets With Independent Auditor's Report.

BACKGROUND: The county's Fiscal Year 2011-12 Statement of Net Assets With Independent Auditor's Report is hereby submitted in accordance with Sections 26920(b) and 26922 of the Government Code of the State of California. The county's external auditors, Brown Armstrong Accountancy Corporation performed the audit to determine whether cash and investments as shown on the "Statement of Assets Held By The County Treasury As Of June 30, 2012" were presented fairly.

Based on their audit, the amounts shown on the "Statement of Assets Held By The County Treasury As Of June 30, 2012" present fairly the financial position of the Treasurer's Investment Pool. Internal controls over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters were also evaluated.

Paul Angulo

Paul Angulo, CPA, MA
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"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:

County Executive Office Signature

Karen Johnson
Karen Johnson

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: April 30, 2013
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board

By: *Kecia Harper-Ihem*
Deputy

2013 APR 30 6:15:58
CLERK OF THE BOARD
SECRETARY & ALTERNATE CLERK

Prev. Agn. Ref.:

District: All

Agenda Number:

2-4

Departmental Concurrence

Policy ☐

Policy ☐

Consent ☒

Consent ☒

Dep't Recomm.:

Per Exec. Ofc.:

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL**

**STATEMENT OF NET ASSETS
WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Riverside, California

We have audited the accompanying Statement of Net Assets of the Treasurer's Investment Pool of the County of Riverside (the County), as of and for the year ended June 30, 2012, as listed in the table of contents. This Statement of Net Assets is the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Treasurer's Investment Pool of the County as of June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2013, on our consideration of the County Treasurer's Investment Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
February 6, 2013

BASIC FINANCIAL STATEMENTS



**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
STATEMENT OF NET ASSETS
JUNE 30, 2012
(Dollars in Thousands)**

ASSETS:

Cash and investments	\$ 4,597,183
Restricted cash and investments (Note 3)	<u>579,214</u>
Total assets	<u><u>\$ 5,176,397</u></u>

LIABILITIES AND NET ASSETS:

Liabilities:

Due to others	<u>\$ -</u>
Total liabilities	<u>-</u>

Net Assets:

Held in trust for treasury pool participants	<u>5,176,397</u>
Total net assets	<u><u>\$ 5,176,397</u></u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
NOTES TO STATEMENT OF NET ASSETS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

As provided by Government Code Section 53600, the cash balances of substantially all of the County of Riverside's (the County) funds, as well as those of participating schools and agencies, are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The Treasurer's Investment Pool (the Pool) is managed by the County Treasurer and is not registered with the Securities and Exchange Commission. The Pool's investment objectives are to safeguard principal, meet the liquidity needs of the participants, and return an acceptable yield within the parameters of prudent risk management (California Government Code Sections 2700.5 and 53600.5). Additionally, there is an Oversight Committee comprised of County officials, representatives from various Pool participants, and members of the public, whose function is to monitor compliance with the County's investment policy. The Treasurer also reports on a monthly basis to the County Board of Supervisors.

B. Reporting Method

The Pool follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

C. Investment Valuation

Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report certain investments at fair market value in the statement of net assets and recognize the corresponding change in fair market value of investments in the year in which the change occurred. The fair market value of pooled investments is determined monthly and is based upon valuation provided by the Pool's safekeeping agent.

NOTE 2 – CASH AND INVESTMENTS

Cash and Investments

As of June 30, 2012, cash and investments are classified in the County's financial statements as follows (in thousands):

	Governmental Activities	Business-Type Activities	Discretely Presented Component Unit	Fiduciary Funds	Total
Cash and investments	\$ 1,245,887	\$ 137,819	\$ 42,212	\$ 3,171,265	\$ 4,597,183
Restricted cash and investments	485,424	78,732	15,058	-	579,214
Total cash and investments	<u>\$ 1,731,311</u>	<u>\$ 216,551</u>	<u>\$ 57,270</u>	<u>\$ 3,171,265</u>	<u>\$ 5,176,397</u>

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
NOTES TO STATEMENT OF NET ASSETS
JUNE 30, 2012**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and Investments (Continued)

As of June 30, 2012, cash and investments consist of the following (in thousands):

Deposits	\$ 206,038
Investments	<u>4,970,359</u>
Total cash and investments	<u>\$ 5,176,397</u>

Investments Authorized by the California Government Code and the County's Investment Policy

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, whichever is more restrictive. The table also identifies certain provisions of the California Government Code or the County's investment policy, where more restrictive, that address interest rate, credit risk, and concentration of credit risk. A copy of the County's investment policy can be found at www.treasurer-tax.co.riverside.ca.us.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Public Agency Bonds	3 Years	15%	5%**
U.S. Treasury	5 Years	100%	N/A
Local Agency Obligations	3 Years	2.5%	2.5%
Federal Agencies	5 Years	100%	N/A
Commercial Paper	270 Days	40%	4% *
Negotiable Certificates of Deposit	1 Year	25%	4% *
Time Deposits	1 Year	2%	N/A
Repurchase Agreements	45 Days	40% / 25%	20%
Reverse Repurchase Agreements ***	60 Days	10%	10%
Medium-Term Notes	3 Years	20%	4% *
CalTrust Short-Term Fund	Daily Liquidity	1%	1%
Money Market Mutual Funds	Daily Liquidity	20%	None
Local Agency Investment Fund	Daily Liquidity	\$50 Million	N/A
Cash/Deposit Account	N/A	N/A	N/A

* Maximum of 4% per issuer in combined commercial paper, certificate and time deposits, and medium-term notes.

** For credit rated below AA-/Aa3, 2% maximum in one issuer only for State of California debt.

*** Only for Emergency liquidity purposes.

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
NOTES TO STATEMENT OF NET ASSETS
JUNE 30, 2012**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the County's Investment Policy
(Continued)

	Fair Market Value	Interest Rate Range	Maturity	Weighted Average Maturity (Years)	Minimum Legal Rating	Rating (1) June 30, 2012	% of Portfolio
County Treasurer's Investments							
Federal Home Loan Bank	\$ 1,912,816	0.14 - 1.61%	07/12 - 05/17	0.95	N/R	AA+/Aaa	41.15%
Federal National Mortgage Association	851,326	0.14 - 1.32%	07/12 - 03/17	2.13	N/R	AA+/Aaa	18.32%
Federal Home Loan Mortgage	624,927	0.20 - 1.75%	07/12 - 03/17	1.83	N/R	AA+/Aaa	13.44%
U.S. Treasury Bills and Bonds	165,215	0.15 - 0.33%	09/12 - 05/13	0.66	N/R	AA+/Aaa	3.56%
Federal Farm Credit Bank	522,542	0.14 - 1.30%	07/12 - 04/16	0.89	N/R	AA+/Aaa	11.24%
Repurchase Agreements	80,000	0.11%	07/12	0.01	A1/P1	N/R	1.72%
Commercial Paper	139,867	0.15 - 0.33%	07/12 - 11/12	0.19	A1/P1	AA+/Aaa3	3.01%
Money Market Mutual Funds	125,000	0.01 - 0.05%	07/12	0.00	AAA	AAA/Aaa	2.69%
Municipal Bonds	76,391	0.28 - 1.24%	07/12 - 04/15	0.70	AA-/Aa3	AA/Aa2	1.64%
Farmer Mac	45,563	0.21 - 0.76%	07/12 - 05/13	0.70	N/R	N/R	0.98%
CalTRUST	54,000	0.44%	07/12	0.00	N/R	AAA/Aaa	1.16%
Local Agency Obligations	534	0.96%	06/20	7.96	N/A	N/R	0.01%
Local Agency Investment Funds	50,000	0.38%	07/12	0.00	N/A	N/R	1.08%
Total Treasurer's Pooled Investments	4,648,181						100.00%
Investments Outside the County Treasury							
Blended Component Unit Investments							
Money Market Mutual Funds (2)	52,299	0.00 - 0.05%	07/12	0.00	AA-	AA-	17.03%
Commercial Paper	15,371	0.07 - 0.14%	07/12 - 08/12	0.12	AA+/A1	AA+/A1	5.00%
Investment Agreements	214,148	2.38 - 4.46%	12/14 - 11/36	8.47	AA-/Aa2	AA-/Aa2	69.73%
Money Market Mutual Funds (3)	20,084	0.00 - 0.09%	N/A	0.00	N/R	N/R	6.54%
Local Agency Investment Funds	5,218	0.00 - 0.36%	N/A	0.00	N/A	N/R	1.70%
Total Blended Component Units	307,120						100.00%
Discretely Presented Component Unit							
Palm Desert Financing Authority							
Money Market Mutual Funds (2)	15,058	0.01 - 0.30%	N/A	0.59	AAA	AAA	100.00%
Total Discretely Presented Component Unit	15,058						100.00%
Total Investments	\$ 4,970,359						

(1) Investment ratings are from Standard and Poor's (S&P) and Moody's.

(2) Government Code requires money market mutual funds to be rated.

(3) Housing Authority and Inland Empire Tobacco Securitization Authority do not require money market mutual funds to be rated.

Investment in State Investment Pool

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio and a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov. The fair market value of the County's investment in this pool is reported in the accompanying financial statements at amounts based upon the County's pro-rata share of the fair market value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. As of June 30, 2012, the Pool has \$50.0 million in LAIF, CORAL has \$2.5 million, the Housing Authority has \$2.0 million and the Riverside Regional Medical Center has \$0.7 million in LAIF.

COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
NOTES TO STATEMENT OF NET ASSETS
JUNE 30, 2012

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements of the respective component units, rather than the general provisions of the California Government Code or the County's investment policy. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair market value. One of the ways the County Treasurer manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so a portion of the portfolio is maturing, or coming close to maturity, to ensure the cash flow and liquidity required for operations.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contain legal or policy requirements that would limit the County's exposure to custodial credit risk for deposits or investments except for the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. GASB Statement No. 40 requires that a disclosure is made with respect to custodial credit risks relating to deposits. The County has cash deposits with fiscal agents in excess of federal depository insurance limits held in collateralized accounts with securities held by Union Bank in the amount \$161.2 million. Investment securities are registered and held in the name of the County.

Concentration of Credit Risk

The investment policy of the County contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. In accordance with GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, the County should provide information about the concentration of credit risk associated with their investments in any one issuer that represent 5% or more of total County investments.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
NOTES TO STATEMENT OF NET ASSETS
JUNE 30, 2012**

NOTE 3 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2012, is as follows (in thousands):

General Fund	
Restricted Program Money	\$ 299,673
Total General Fund	<u>299,673</u>
Flood Special	
Restricted Program Money	4,815
Total Flood Special	<u>4,815</u>
Teeter Debt	
Teeter Commercial Paper Notes	79,630
Total Teeter Debt	<u>79,630</u>
Non-Major Governmental Funds	
1985 Certificates	20,796
1990 Monterey Avenue	134
1997 Historic Court House	280
2000 Southwest Justice Center	543
2003 A Historic Courthouse	1,355
2003 B Capital Facilities	423
2005 A Capital Improvement Family Law	3,523
2005 B Historic Refunding	2,698
2006 A Capital Improvements	2,187
2007 A Public Safety and Refunding	26,931
2008 A Southwest Justice Center	794
2009 Larson Justice Center	2,610
2009 Public Safety and Woodcrest Library Refunding	4,756
2012 CAC Annex	5,574
Bankruptcy Court	6,713
District Court Financing Corporation	1,099
Inland Empire Tobacco Securitization Authority	19,890
Total Non-Major Governmental Funds	<u>100,306</u>
Regional Medical Center	
1993 Hospital Bonds	23,890
Total Regional Medical Center	<u>23,890</u>
Waste Management Department	
Remediation Costs	51,957
Total Waste Management Department	<u>51,957</u>
Non-Major Enterprise Funds	
Housing Authority Bond	194
Restriction Program Money - Flood	2,691
Total Non-Major Enterprise Funds	<u>2,885</u>
Interest Service Funds	
Flood Control Equipment	1,000
Total Internal Service Funds	<u>1,000</u>
Discretely Presented Component Unit	
Palm Desert Financing Authority	15,058
Total Restricted Assets	<u><u>\$ 579,214</u></u>



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

To the Board of Supervisors
County of Riverside, California

We have audited the Statement of Net Assets of the Treasurer's Investment Pool of the County of Riverside (the County), as of and for the year ended June 30, 2012, and have issued our report thereon dated February 6, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Supervisors, Treasury Oversight Committee, management, and others within the administration of the County of Riverside Treasurer's Investment Pool and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
February 6, 2013



**COUNTY OF RIVERSIDE,
CALIFORNIA**

MANAGEMENT LETTER

JUNE 30, 2012

BROWN
ARMSTRONG

CERTIFIED
PUBLIC
ACCOUNTANTS

BROWN ARMSTRONG

Certified Public Accountants

December 20, 2012

To the Honorable Board of Supervisors
County of Riverside
4080 Lemon Street
Riverside, California 92502

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Riverside (the County) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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 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. We consider the deficiency 2012-1 in the County's internal control to be a material weakness.

2012-1 WASTE MANAGEMENT DEPARTMENT

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING:

While we performed our audit for the financial statements of the Waste Management Enterprise Fund, we detected reportable errors during our audit and proposed material adjusting journal entries to the closure/post-closure and remediation cost liabilities and the related expense/net assets accounts. In February 2012, the Waste Management Department (the Department) hired a Supervising Accountant who identified that closure/post-closure and remediation cost liabilities were distributed in both equity and liability accounts. In an attempt to consolidate closure/post-closure and remediation cost liabilities that in past years had been allocated to both equity and liability accounts, the Department reallocated these funds into equity accounts. Correcting entries were made during the financial review process to allocate these funds to liability accounts.

RECOMMENDATION:

We recommend that the County Waste Management Department and Auditor-Controller's Office (ACO) continue to record closure/post-closure and remediation cost liabilities to their appropriate accounts.

MANAGEMENT'S RESPONSE:

Management agrees with the recommendation.

PRIOR YEAR MANAGEMENT LETTER FINDINGS

2011-1 WASTE MANAGEMENT DEPARTMENT

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING:

While we performed our audit for the financial statements of the Waste Management Enterprise Fund, we detected reportable errors during our audit and proposed material adjusting journal entries to closure liability and the related expense/net assets accounts. The cause of 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 County Waste Management Department recruit a qualified accountant as soon as possible. Meanwhile, the County Waste Management Department can seek temporary help from an outside source or from the Auditor-Controller's Office.

MANAGEMENT'S RESPONSE:

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 has scheduled interviews for candidates identified on the supplemental list to occur on January 12, 2012.

The Department requested and received assistance from the ACO's office throughout, and subsequent to, the audit.

Management agrees that material adjustments were necessary. The Department identified the need for and made an adjustment 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 final audit review. Other adjustments were minor and fell within the norm of year-end adjustments.

CURRENT YEAR STATUS:

Fully implemented. Please see current year finding 2012-1.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the County of Riverside gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time. This report is intended solely for the information and use of the Board of Supervisors, management, and others within the County and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 20, 2012

**COUNTY OF RIVERSIDE,
CALIFORNIA**

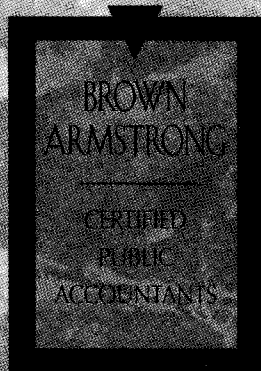
SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2012

**COUNTY OF RIVERSIDE, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

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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

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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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 20, 2012. 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-01 to be a material weakness.

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* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-01 through 2012-04.

We noted certain matters that we reported to management of the County in a separate letter dated December 20, 2012.

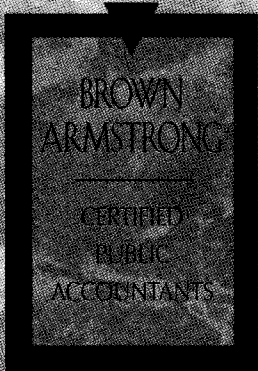
The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 20, 2012



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 (CalEMA) 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, 2012. The County's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 \$82,476,670 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.



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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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-02 through 2012-04.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing 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 2012-02 through 2012-04. 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, 2012, and have issued our report thereon dated December 20, 2012. We did not audit the financial statements of the Riverside County Flood Control and Water Conservation District (Flood Control District), the 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, 2012. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Flood Control District, Housing Authority, Park District, Cemetery District, RDA, and the Commission are based on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, Supplemental Schedule of California Emergency Management Agency (CalEMA) and Correction Standard Authority 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 CalEMA and Correction Standard Authority; and the California State Department of Aging, respectively, and are not a required part of the basic financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 27, 2013

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	AMOUNT
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through U.S. Forest Service</i>			
Cannabis	10.000	11-LE-1105-1360-230	\$ 14,889
Cooperative Forestry Assistance	10.664	08-DG-11051200-030	140,941
ARRA-Wildland Fire Management	10.688	09-DG-11059702-011	250,578
<i>Passed Through California Department of Social Services</i>			
State Administrative Matching Grants for Food Stamp Program	10.561	Riverside County	25,920,305
<i>Passed Through California Department of Education</i>			
National School Lunch Program	10.555	02148-SN-33-R	596,807
<i>Passed Through California Department of Public Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	99-85741; 00-90897	16,520,414
<i>Passed Through California Department of Food and Agriculture</i>			
Senior Farmers Market Nutrition Program	10.576	Riverside County	49,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE			43,492,934
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs</i>			
Emergency Solutions Grants Program	14.231	301-1000087	390,278
Supportive Housing Program	14.235*	CA16B608001;CA0665B9D080800;CA0667B9D080802;CA0667B9D081003;CA0668B9D080802;CA0668B9D081003;CA0669B9D080802;CA0669B9D081003;CA0670B9D081003;CA0670B9D081104;CA0673B9D080802;CA0673B9D081003;CA0674B9D081003;CA0675B9D080802;CA0675B9D081003;CA0676B9D081104;CA0677B9D080802;CA0677B9D081003;CA0678B9D081104;CA0679B9D080802;CA0679B9D081003;CA0680B9D080802;CA0680B9D081003;CA0682B9D080802;CA0682B9D081003;CA0684B9D080802;CA0684B9D081003;CA0813B9D080901;CA0813B9D081002;CA0875B9D080900;CA0935B9D081001;CA0936B9D081001	6,102,640
Shelter Plus Care	14.238	CA0671C9D080801;CA0683C9D080801;CA16C508001;CA16708001;CA0671C9D080802;CA0683C9D080802;CA0664C9C080800;CA066C9D080800	971,023
Home Investment Partnerships Program	14.239	301-1000087	3,105,455
ARRA: Homelessness Prevention and Rapid Rehousing	14.257	301-1000087	1,761,893
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	301-1000087	8,612,500
CDBG Neighborhood Stabilization Program	14.218	301-1000087	9,804,044
ARRA: Community Development Block Grant (CDBG)	14.253	301-1000087	730,495
<i>Passed Through California Housing and Community Development</i>			
Neighborhood Stabilization Program	14.218	301-1000087	456,946
Subtotal - CDBG/Entitlement Grants Cluster			19,603,985
<i>Pass Through California Department of Public Health</i>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	CALHB 0383-08	1,118,666
Healthy Homes Demonstration Grants	14.901	CALHH 0181-08	84,419
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			33,138,359

* 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, 2012**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	AMOUNT
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Programs</i>			
Inland Crackdown Allied Task Force	16.XXX	Riverside County	24,973
Solving Cold Cases with DNA	16.560	2009-DN-BX-K031	31,448
State Criminal Alien Assistance Program	16.606	SCAAP10/11	821,568
Bulletproof Vest Partnership Program	16.607	BVP2011	21,902
Public Safety Partnership and Community Policing Grant	16.710*	2008-CKWX-0505, 2010-CKWX-0145, 2010-CKWX-0146	1,372,180
ARRA: Public Safety Partnership and Community Policing Grant	16.710*	2009RJWX0015	4,301,040
Subtotal			5,673,220
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	Riverside County	42,931
Edward Byrne Memorial Justice Assistance Grant Program	16.738*	JAG 2010-DJ-BX-0339; JAG 2011-DJ-BX-2330	242,515
ARRA: Justice Assistance Grant	16.804*	2009-SB-B9-0493	254,620
<i>Passed Through California Emergency Management Agency, Correction Standard Authority</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738*	065-00000/DC11220330, DI10010330	892,209
ARRA: Justice Assistance Grant	16.804*	065-00000/ZA 09010330; ZM 09010330; ZP09 01 0330	1,771,397
Subtotal - JAG Program Cluster			3,160,741
<i>Passed Through Drug Enforcement Agency</i>			
Domestic Cannabis Eradication Program	16.XXX	D-11-SF-0041	141,396
<i>Passed Through Federal Bureau of Investigation</i>			
Inland Regional Corruption Task Force	16.XXX	319X-HQ-A1487709-LA	15,720
<i>Passed Through United States Marshals Service</i>			
Regional Fugitive Task Force	16.XXX	JLEO 12-0092	20,601
<i>Passed Through California Emergency Management Agency and Correction Standard Authority</i>			
Services for Trafficking Victims	16.320	065-00000/ZH 09010330	266,053
Juvenile Accountability Block Grants	16.523	CSA 155-10; CSA 155-11	181,295
Crime Victim Assistance	16.575	VW 11300330, UV 11020330	637,925
Violence Against Women Formula Grants	16.588	PU 09070330, VV 11030330	211,314
Law Enforcement Specialized Units Program	16.588	LE 11010330	48,479
Subtotal			259,793
Residential Substance Abuse Treatment for State Prisoners	16.593	065-00000/RT10020330	256,806
Project Safe Neighborhoods	16.609	US11 A4 0330	94,433
<i>Passed Through Office on Violence Against Women</i>			
Abuse of Women Later in Life Program	16.528	2011-EW-AX-K007	26,202
<i>Passed Through Bureau of Justice Assistance</i>			
Congressionally Recommended Awards	16.753	2009-D1-BX-0043	111,088
<i>Passed Through Riverside County Probation Department</i>			
Second Chance Act Prisoners Reentry Initiative	16.812	2011-RW-BX- 0005	43,217
<i>Passed Through Federal Bureau of Investigation</i>			
Inland Regional Apprehension Team	16.XXX	Riverside County	12,288
<i>Passed Through U.S. Marshals</i>			
Asset Forfeiture - Adjudicated Sheriff	16.922	Riverside County	646,623
TOTAL U.S. DEPARTMENT OF JUSTICE			12,490,223

* 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, 2012**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	AMOUNT
OFFICE OF NATIONAL DRUG CONTROL POLICY			
<i>Direct Programs</i>			
High Intensity Drug Trafficking Areas Program	95.001	G10LA0007A; G11LA0007A	1,647,832
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			1,647,832
U.S. DEPARTMENT OF LABOR			
<i>Passed Through California Employment Development Department</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	201, 202, 442, 477	6,329,441
ARRA-Workforce Investment Act (WIA) Adult Program	17.258*	102, 104, 122	68,151
<i>Passed Through College of the Desert</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	696	93,003
<i>Passed Through Mt. San Jacinto Community College</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	970	17,377
<i>Passed Through Palo Verde College</i>			
Workforce Investment Act (WIA) Adult Program	17.258*	974	23,102
<i>Passed Through California Employment Development Department</i>			
Workforce Investment Act (WIA) Youth Activities	17.259*	301	6,219,400
ARRA-Workforce Investment Act (WIA) Youth Activities	17.259*	103	1
Workforce Investment Act (WIA) Dislocated Worker	17.278*	153, 113, 501, 502, 540, 541	6,175,013
ARRA-Workforce Investment Act (WIA) Dislocated Worker	17.278*	105, 106, 108	44,978
Subtotal - Workforce Investment Act Cluster			18,970,466
<i>Passed Through California Department of Aging</i>			
Senior Community Service Employment Program (SCSEP)	17.235	TV-1011-21/TV-1112-21/AD19970B50	665,627
Senior Community Service Employment Program (SCSEP)	17.235	AD-19970-10-60-A-6	4,166
Subtotal			669,793
TOTAL U.S. DEPARTMENT OF LABOR			19,640,259
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct Programs</i>			
Federal Aviation Administration			
Airport Improvement Program (AIP)	20.106	AIP-3-06-0255-19	957,107
		Fund Sources	
		107,108,115,120,128,133,150,190,216, 218, SR2SF5956(176),SRTSLNI 5956 (184),	
Highway Planning and Construction	20.205	SRTSLNI 5956 (185)	23,234,302
ARRA-Highway Planning and Construction	20.205	Fund Sources 116	4,859,789
Storm Damage	20.205	DR1585;DR1952	886,064
Highway Planning Subtotal			28,980,155
<i>Passed Through Riverside County Transportation Commission</i>			
New Freedom Program	20.521	81813461	435,230
* 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, 2012**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	AMOUNT
U.S. DEPARTMENT OF TRANSPORTATION (Continued)			
<i>Passed Through California Office of Traffic Safety</i>			
DUI with Death and Injury Vertical Prosecution	20.601	20565	254,390
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1161	74,327
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			30,701,209
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	561,328
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			561,328
U.S. DEPARTMENT OF ENERGY			
<i>Direct Programs</i>			
Weatherization Assistance For Low-Income Persons	81.042*	09C-1778	132,259
ARRA-Weatherization Assistance For Low-Income Persons	81.042*	09C-1830	3,717,634
Subtotal			3,849,893
ARRA-Energy Efficiency and Conservation Block Grant Program	81.128*	DE-EE00000899	2,657,162
TOTAL U.S. DEPARTMENT OF ENERGY			6,507,055
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through California Department of Rehabilitation</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126A	28325 Regis # EP1194448	322,375
TOTAL U.S. DEPARTMENT OF EDUCATION			322,375
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through California Department of Aging</i>			
Special Programs for the Aging - Title VII, Chapter 3	93.041	AP-1112-21	22,673
Special Programs for the Aging - Title VII, Chapter 2	93.042	AP-1112-21	68,865
Special Programs for the Aging - Title III, Part D	93.043	AP-1112-21	79,652
National Family Caregiver Support, Title III, Part E	93.052	AP-1112-21	729,156
Special Programs for the Aging - Title III, Part B	93.044	AP-1112-21	1,973,484
Special Programs for the Aging - Title III, Part C	93.045	AP-1112-21	2,577,169
Nutrition Services Incentive Program (NSIP)	93.053	AP-1112-21	346,480
Subtotal - Aging Cluster			4,897,133
Medical Enrollment Assistance Program	93.071	2M-1011-21	147,654
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779	HI-1112-21	177,634
<i>Passed Through California Department of Public Health</i>			
Childhood Lead Poisoning and Case Management	93.197	11-10311	137,409
HIV Prevention Activities - Health Department Based	93.940	10-95281	2,296,745
Maternal and Child Health Services Block Grant	93.994	200833	149,405
<i>Passed Through California Department of Public Health - Emergency Preparedness Office</i>			
Public Health Emergency Preparedness	93.069	EPO 09-33	936,081
National Bioterrorism Hospital Preparedness Program	93.889	EPO 09-33	916,706
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	EPO 09-33	694,469
<i>Passed Through State Emergency Medical Services Authority</i>			
Regional Disaster Medical Health Specialist	93.283	EMS1157	90,788
Subtotal			785,257

* 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, 2012**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	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	FEDS29TASK; 11-33-90840;FEDS1112ISIT	378,889
Immunization Grants	93.268	11-10591	469,341
Children's Health Insurance Program	93.767	Riverside County	841,613
Medical Assistance Program	93.778	Riverside County	75,748,485
ARRA: Medical Assistance Program	93.778	Riverside County	48,396
<i>Passed Through California State Department of Aging</i>			
Medical Assistance Program	93.778	MS-1112-24	531,340
Subtotal			76,328,221
<i>Passed Through California Department of Mental Health</i>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM060005-11	324,732
Block Grants for Community Mental Health Services	93.958	3B09SM010005-11	2,408,675
<i>Passed Through Superior Court of California</i>			
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	1H79TI021540-01	131,724
<i>Passed Through California Family Health Council</i>			
Family Planning - Services	93.217	754-5320-7120-10 & 754-5320-71209-11	606,877
<i>Passed Through California Department of Social Services</i>			
Promoting Safe and Stable Families	93.556	Riverside County	1,819,850
Refugee and Entrant Assistance - State Administered Programs	93.566	Riverside County	45,522
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Riverside County	2,903,966
Foster Care - Title IV-E	93.658*	75-1546-0-1-609	39,462,153
Adoption Assistance	93.659	Riverside County	20,800,337
Social Services Block Grant	93.667	Riverside County	4,099,701
Chafee Foster Care Independence Program	93.674	Riverside County	754,851
Temporary Assistance for Needy Families (TANF)	93.558*	Riverside County	196,288,507
<i>Passed Through California Department of Child Support Services</i>			
Child Support Enforcement	93.563	OCSE-ACF	23,226,470
<i>Passed Through California Department of Community Services and Development</i>			
Low-Income Home Energy Assistance Program	93.568*	10B-5631 and 11B-5731	3,880,275
Community Services Block Grant (CSBG)	93.569	11F-4234; 12F-4432	1,855,350
Community Services Block Grant Discretionary Awards	93.570	11F-4309	70,000
<i>Passed Through California Department of Education</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Riverside County	1,431,814

* 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, 2012**

FEDERAL GRANTORS/PASS-THROUGH GRANTORS PROGRAM NAME:	CFDA NO.	PASS-THROUGH ENTITY IDENTIFYING NO.	AMOUNT
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<i>Passed Through County of San Bernardino</i> HIV Emergency Relief Project Grants	93.914	01-584 A-1	<u>1,142,084</u>
<i>Passed Through California Department of Alcohol and Drug</i> Block Grant for Prevention and Treatment of Substance Abuse	93.959*	#10-NNA33	<u>10,404,759</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>401,020,081</u>
NATIONAL SENIOR SERVICE CORPORATION			
<i>Passed Through Corporation for National and Community Service</i> Retired and Senior Volunteer Program	94.002	20112012-OPEI-P74-COO-61515-4101	<u>61,079</u>
TOTAL NATIONAL SENIOR SERVICE CORPORATION			<u>61,079</u>
SOCIAL SECURITY ADMINISTRATION			
<i>Direct Program</i> SSA - Social Security Administration	96.000	Riverside County	<u>191,400</u>
Social Security Disability Insurance	96.001	Riverside County	<u>22,353</u>
TOTAL SOCIAL SECURITY ADMINISTRATION			<u>213,753</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through U.S. Marshals</i> U.S. Customs Reimbursement	97.000	Riverside County	<u>18,431</u>
<i>Passed Through County of Riverside, Department of Public Social Services</i> Emergency Food and Shelter National Health Program	97.024	Riverside County	<u>55,264</u>
<i>Passed Through City of Riverside</i> Homeland 10	97.080	2010-0085	<u>17,509</u>
<i>Passed Through California Emergency Management Agency</i> Homeland Stonegarden	97.067	065-00000; 2010-1085	<u>336,074</u>
<i>Passed Through Governor's Office of Homeland Security</i> Homeland Security Grant Program	97.067	2009-0019; 2010-0085	<u>4,621,171</u>
Subtotal			<u><u>4,957,245</u></u>
Non-Profit Security Program	97.008	065-6200	<u>124,100</u>
Metropolitan Medical Response System	97.071	Riverside County	<u>135,721</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>5,308,270</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 555,104,757</u>

* 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, 2012**

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 U.S. 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.

**COUNTY OF RIVERSIDE, CALIFORNIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

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
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 148,595	\$ -	\$ 148,595
Community Development Block Grants/Entitlement Grants	14.218	4,670,110	-	4,670,110
Neighborhood Stabilization Program	14.218	590,321	-	590,321
Neighborhood Stabilization Program	14.218	391,024	-	391,024
Emergency Shelter Grants Program	14.231	390,278	-	390,278
Supportive Housing Program	14.235	4,684,417	-	4,684,417
Shelter Plus Care	14.238	971,023	-	971,023
Home Investment Partnership Program	14.239	113,314	-	113,314
ARRA: Homelessness Prevention and Rapid Rehousing	14.257	-	1,728,397	1,728,397
Bulletvest Proof Partnership Program	16.609	2,819	-	2,819
COPS Methamphetamine Initiative	16.710	43,549	-	43,549
Justice Assistance Formula Grant	16.738	36,174	-	36,174
California Multi-Jurisdictional Methamphetamine Recovery Act	16.804	-	3,747	3,747
ARRA: Anti-Drug Abuse Enforcement Recovery Act Program	16.804	-	43,242	43,242
Workforce Investment Act (WIA) Adult Program	17.258	104,410	-	104,410
ARRA: Workforce Investment Act (WIA) Adult Program	17.258	-	68,151	68,151
Workforce Investment Act (WIA) Youth Activities	17.259	4,537,783	-	4,537,783
Workforce Investment Act (WIA) Dislocated Worker	17.278	338,603	-	338,603
Special Programs for the Aging - Title VII, Chapter 2	93.042	68,865	-	68,865
Special Programs for the Aging - Title III, Part B	93.044	609,382	-	609,382
Special Programs for the Aging - Title III, Part C	93.045	1,856,749	-	1,856,749
National Family Caregiver Support - Title III, Part E	93.052	211,759	-	211,759
Nutrition Services Incentive Program (NSIP)	93.053	344,990	-	344,990
Medical Enrollment Assistance Program	93.071	28,213	-	28,213
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	307,785	-	307,785
Medical Assistance Program	93.778	228,326	-	228,326
Health Care Financing Research, Demonstrations, and Evaluations (HCFA Research)	93.779	164,735	-	164,735
HIV Prevention Activities - Health Department Based	93.940	180,000	-	180,000
Homeland Security Grant Program	97.067	1,367,155	-	1,367,155
Total		\$ 22,390,379	\$ 1,843,537	\$ 24,233,916



**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	<u>Yes</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>14.235</u>	<u>Supportive Housing Program</u>
<u>16.710</u>	<u>Public Safety Partnership and Community Policing Grant, including ARRA Grant</u>
<u>16.804/16.738</u>	<u>JAG Program Cluster, including ARRA Grant</u>
<u>17.258, 17.259, 17.278</u>	<u>Workforce Investment Cluster, including ARRA Grants</u>
<u>81.042</u>	<u>Weatherization Assistance For Low-Income Persons, including ARRA Grant</u>
<u>81.128</u>	<u>ARRA: Energy Efficiency and Conservation Block Grant Program (EECBG)</u>
<u>93.558</u>	<u>Temporary Assistance for Needy Families (TANF)</u>
<u>93.568</u>	<u>Low-Income Home Energy Assistance Program</u>
<u>93.658</u>	<u>Foster Care (Title IV-E)</u>
<u>93.959</u>	<u>Block Grant for Prevention and Treatment of Substance Abuse</u>

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

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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 2012-01

To ensure that the financial statements are free of reportable errors, the Waste Management Department (Department) should continue to record closure/post-closure and remediation cost liabilities to their appropriate accounts.

Condition:

We detected reportable errors during our audit and proposed material adjusting entries to closure liability and the related expense/net assets account. In February 2012, the Department hired a Supervising Accountant who identified the closure/post-closure and remediation cost liabilities that were distributed in both equity and liability accounts. In an attempt to consolidate closure/post closure and remediation cost liabilities that in past years had been allocated to both equity and liability accounts, the Department reallocated these funds into equity accounts. Correcting entries were made during the financial review process to allocate these funds to liability accounts.

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 adequate supervision from the Department's management.

Cause:

The cause is as a result of the newly hired Supervising Accountant not being properly supervised by the Department's management in the preparation of the financial statements.

Recommendation:

We recommend that the Department and the Auditor-Controller's Office (ACO) continue to record closure/post-closure and remediation cost liabilities to their appropriate accounts.

View of Responsible Official and Planned Corrected Actions:

Management agrees with the recommendation.

Contact Information of Responsible Official:

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**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-02

Program: Temporary Assistance for Needy Families (TANF)
CFDA No.: 93.558
Federal Agency: U.S. Department of Health and Human Services
Passed Through: State of California Department of Social Services
Award Year: Fiscal Year 2011-2012
Compliance Requirement: Eligibility and Special Provisions Test
Questioned Costs: None

Criteria:

The June 2012 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:

During our testing, we audited 40 CalWORKS cases to ensure that the County utilized IEVS to verify eligibility using wage information available to verify income eligibility and the amount of eligible benefits. Per the Department of Public Social Services (DPSS) 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 9 cases where the IEVS reports were not signed by the caseworker and 12 cases 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 A-133 *Compliance Supplement*. The participants under each case are still determined to be eligible during the period under our testing based on other supporting documents. As a result, there are no questioned costs.

Cause:

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



**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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:

During the 2012 calendar year, the Riverside County DPSS instituted tighter internal controls and monitoring for the review and sign off of IEVS, Payment Verification System (PVS), and New Hire Registry (NHR) reports. This was accomplished through the issuance of various Department Memorandums (DMs) as reminders and instruction to staff of the proper handling of IEVS, PVS, and NHR reports, as well as Accuracy Improvement (AIM) plans requiring supervisory audits, and Quality Assurance (QA) reviews. Also, two new tools have been made available to assist staff in identifying tasks and accessing reports related to IEVS, PVS, and NHR.

Instruction to Staff

DPSS issues 5 DMs listed in the past year mandating that eligibility staff review, process, and sign off on IEVS, PVS, and NHR reports within 45 calendar days from the run date on the IEVS abstract. Eligibility staff has been directed to add a finding, take any required action on the case, and journal all actions.

AIM Plan and QA Reviews

AIM plans were established with a focus on IEVS reports. The AIM plans require that Eligibility Supervisors review a minimum of five cases per worker for compliance with IEVS report processing requirements. Supervisors are required to report the results of their AIM plan audits and ensure that any case error findings are corrected.

QA staff began citing the lack of IEVS, PVS, or NHR reports, as well as the lack of sign offs, as procedural errors in active cases from July 2012 through December 2012. Effective January 2013, these errors are being cited dollar for dollar as significant errors. Staff has been directed to not delay benefit approval for non-receipt of the IEVS/PVS report if the customer supplied the required information to establish eligibility; however, once the IEVS/PVS report is received, staff must process the information immediately.

New Tools

DPSS has recently implemented the use of setting unique tasks that will enable staff to easily identify the tasks for IEVS, PVS, and NHR. These unique task names will allow staff to quickly and easily identify and process the reports. In addition, eligibility staff was recently granted access to the Enterprise Reports application which provides a link via the DPSS Intranet for accessing IEVS reports when they are unavailable in C-IV.

DPSS will continue to closely monitor the progress in this area and implement stronger controls as needed to ascertain that IEVS reports are properly signed and reviewed to ensure compliance with the Federal provision requirements.

Contact Information of Responsible Official:

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Department of Public Social Services
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**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

Finding 2012-03

Program: Temporary Assistance for Needy Families and Foster Care (Title IV-E)

CFDA No.: 93.558 and 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 2011-2012

Compliance Requirement: Payroll Control

Questioned Costs: None

Criteria:

Per inquiry with the County 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 9 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 9 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 9 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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

Views of Responsible Officials and Planned Corrective Actions:

We concur with your recommendation. To help reduce these types of errors, we have implemented the following corrective actions:

- * Provide time study training as part of the new employee orientation and induction classes.
- * Developed a Time Study Manual for employees to access through the Department Intranet. This manual includes detailed instruction on how to reconcile time sheets to time studies.
- * Send time study tips and reminders via e-mail on a quarterly basis.
- * Develop and train regional contacts throughout DPSS to help review time studies.
- * Meet with staff, supervisors, and managers to discuss and review common errors found on time studies.

In addition, we are also in the process of creating an on-line time study training module that will be accessible to all staff and will include detailed instruction on how to reconcile time sheets to time studies. This project is scheduled to be completed and implemented by June 2013. Also being considered is the implementation of a reporting tool to advise key stakeholders of when a time sheet has been revised so that the time study will also be revised.

Contact Information of Responsible Official:

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Finding 2012-04

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 2011-2012

Compliance Requirement: Reporting

Questioned Costs: None

Criteria:

ARRA 1512 and Performance and Accountability for Grants in Energy (PAGE) reports require the proper contract amount and expenditures to be reported for each contracted vendor. The Federal Financial Reporting (SF-425) and PAGE reports need to be submitted on a timely basis.

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 one vendor. The discrepancy was that the contracted amount was reported incorrectly on the ARRA 1512 report and the PAGE reports. Additionally, the third quarter SF-425 Federal Financial Reporting and PAGE reports were not submitted within the required 30 days after the end of each reporting period.

Context:

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

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

Effect:

The County risks underreported expenditures related to the contracts and the agency requiring the report is not obtaining the required information in a timely manner.

Cause:

The EECBG Energy Manager did not properly reflect the contract amounts but did update the ARRA 1512 report and PAGE reports such that all cumulative figures reported for the fiscal year 2011-2012 are correct. Also the Energy Manager did not submit the Federal Financial Reporting and PAGE reports on a timely basis such that the agency requiring the report might not obtain the required information in a timely manner. Also the reports were not reviewed by a supervisor before they were submitted.

Recommendation:

We recommend the Economic Development Agency assume the responsibility of compiling the submitted quarterly reports for the EECBG. The EECBG Energy Manager will assist the Economic Development Agency in preparing the necessary information to complete the report. All reports should be reviewed by the supervisor before they are submitted to the Federal regulatory agency to avoid any errors and mistakes.

Views of Responsible Officials and Planned Corrective Actions:

Economic Development Agency (EDA) is committed to providing quality programs and ensures a high degree of effectiveness and efficiency within its operations. The EDA department established procedures and adequate controls to ensure reliability of reporting, safeguarding of assets, and compliance with laws and regulations. On a continuous basis, periodic reviews of established procedures and controls are made to ensure accurate reporting and department goals are met. EDA ensures that qualified personnel are assigned to specific work tasks.

In regards to the timely submission of the reports, a new process has been identified to ensure that any required reporting is submitted in a timely fashion. A collaborative approach has been identified and will be implemented. The EDA, Accounting and Finance division will assume the responsibility of compiling and submitting the financial reporting for the Energy Efficiency and Conservation Block Grant with assistance from the Energy Manager. The performance reports for the grant will continue to be compiled by the Energy Manager, with oversight review provided by the Deputy Director over Energy prior to submittal. In this manner, a two-pronged approach will be implemented to ensure the accuracy and timeliness of all reporting.

Contact Information of Responsible Official:

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Economic Development Agency
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**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

Contact Information of Responsible Official:

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Waste Management Department
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Email: sgreen@co.riverside.ca.us

Current Year Status:

Implemented. See Current Finding **2012-01**.

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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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Email: mbentley@riversidedpss.org

Current Year Status:

Implemented.

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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. The participants under each case are still determined to be eligible during the period under our testing based on other supporting documents. As a result, there are no questioned costs.

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:

Monica Bentley, Fiscal Manager
Department of Public Social Services
Telephone: (951) 958-7761
Email: mbentley@riversidedpss.org

Current Year Status:

Not implemented; See Current Finding 2012-02.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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. The participants under each case are still determined to be eligible during the period under our testing based on other supporting documents. As a result, there are no questioned costs.

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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:

Monica Bentley, Fiscal Manager
Department of Public Social Services
Telephone: (951) 958-7761
Email: mbentley@riversidedpss.org

Current Year Status:

Implemented.

Finding 2011-05

Programs: Temporary Assistance for Needy Families Cluster, including ARRA Grant; Child Support Enforcement, including ARRA Grant; Foster Care (Title IV-E), including ARRA Grant; Social Services Block Grant; and Adoption Assistance, including ARRA Grant

CFDA No.: 93.558, 93.714, 93.563, 93.658, 93.667, and 93.659

Federal Agencies: U.S. Department of Health and Human Services

Passed Through: California Department of Health Services

Programs: Community Service Block Grant, including ARRA Grant

CFDA No.: 93.569 and 93.710

Federal Agencies: U.S. Department of Health and Human Services

Passed Through: California Department of Community Services and Development

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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:

Monica Bentley, Fiscal Manager
Department of Public Social Services
Telephone: (951) 958-7761
Email: mbentley@riversidedpss.org

Current Year Status:

Not implemented. See Current Year **2012-03**.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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:

Susanne Holland – Assistant Director
Employment Development Department
Telephone: (951) 955-8916
Email: sholland@rivcoeda.org

Current Year Status:

Implemented.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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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Community Action Partnership of Riverside County
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Current Year Status:

Implemented.

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.

**COUNTY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2012**

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:

Janet Purchase – Energy Manager
Economic Development Agency
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Email: jpurchase@rivcoeda.org

Current Year Status:

Not implemented. See Current Year **2012-04**.

**COUNTY OF RIVERSIDE, CALIFORNIA
SUPPLEMENTAL SCHEDULE OF CALIFORNIA EMERGENCY MANAGEMENT
AGENCY (CalEMA) AND CORRECTION STANDARD AUTHORITY GRANTS
FOR THE YEAR ENDED JUNE 30, 2012**

Grant #/Pass-Through Grantor	Description			
DC 11220330/065-00000	Federal Anti-Drug Abuse Grant Program			
Personnel Services	\$	266,785	Federal Portion	\$ 728,933
Operating Expenses		462,148	Match	-
Equipment		-		
Total Expenses	\$	<u>728,933</u>		<u>\$ 728,933</u>

Grant #/Pass-Through Grantor	Description			
DI 10010330/065-00000-18	Substance Abuse Comprehensive Drug Court Implementation			
Personnel Services	\$	-	Federal Portion	\$ 163,276
Operating Expenses		163,276	Match	-
Equipment		-		
Total Expenses	\$	<u>163,276</u>		<u>\$ 163,276</u>

Grant #/Pass-Through Grantor	Description			
ZM09010330/065-00000	California Multi-Jurisdictional Methamphetamine Recovery Act			
Personnel Services	\$	224,117	Federal Portion	\$ 224,117
Operating Expenses		-	Match	-
Equipment		-		
Total Expenses	\$	<u>224,117</u>		<u>\$ 224,117</u>

Grant #/Pass-Through Grantor	Description			
ZA 09010330/065-00000	Anti-Drug Abuse Enforcement Recovery Act			
Personnel Services	\$	142,183	Federal Portion	\$ 280,333
Operating Expenses		111,550	Match	-
Equipment		26,600		
Total Expenses	\$	<u>280,333</u>		<u>\$ 280,333</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, 2012**

Grant #/Pass-Through Grantor	Description		
ZP 09010330	Evidence Based Probation Supervision Recovery Act Program		
Personnel Services	\$ 1,052,432	Federal Portion	\$ 1,266,947
Operating Expenses	214,515	Match	-
Equipment	-		
Total Expenses	<u>\$ 1,266,947</u>		<u>\$ 1,266,947</u>

Grant #/Pass-Through Grantor	Description		
ZH 09010330	Services for Trafficking Victims		
Personnel Services	\$ 158,991	Federal Portion	\$ 266,053
Operating Expenses	107,062	Match	-
Equipment	-		
Total Expenses	<u>\$ 266,053</u>		<u>\$ 266,053</u>

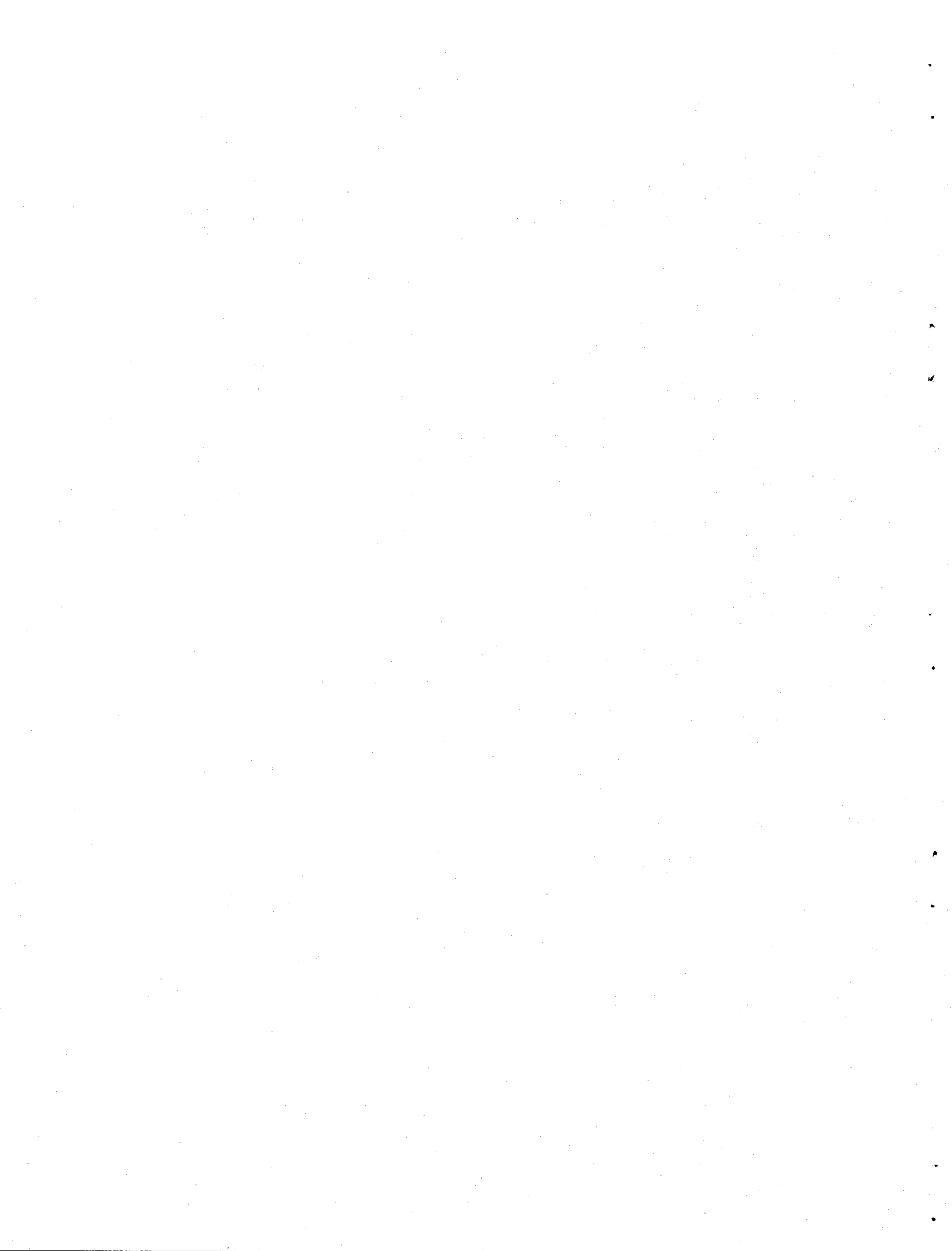
Grant #/Pass-Through Grantor	Description		
CSA 155-10	Juvenile Accountability Block Grants		
Personnel Services	\$ 12,105	Federal Portion	\$ 36,690
Operating Expenses	14,524	Match	3,861
Equipment	13,922		
Total Expenses	<u>\$ 40,551</u>		<u>\$ 40,551</u>

Grant #/Pass-Through Grantor	Description		
CSA 155-11	Juvenile Accountability Block Grants		
Personnel Services	\$ 145,930	Federal Portion	\$ 144,605
Operating Expenses	5,853	Match	7,178
Equipment	-		
Total Expenses	<u>\$ 151,783</u>		<u>\$ 151,783</u>

Grant #/Pass-Through Grantor	Description		
VW 11300330	Victim Witness Assistance Program		
Personnel Services	\$ 880,658	Federal Portion	\$ 515,556
Operating Expenses	115,187	Match	480,289
Equipment	-		
Total Expenses	<u>\$ 995,845</u>		<u>\$ 995,845</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, 2012**

Grant #/Pass-Through Grantor	Description			
US11 A40330	Project Safe Neighbor - Anti Gang Initiative			
Personnel Services	\$	89,237	Federal Portion	\$ 94,433
Operating Expenses		5,196	Match	-
Equipment		-		
Total Expenses	\$	<u>94,433</u>		<u>\$ 94,433</u>
Grant #/Pass-Through Grantor	Description			
2010-1085/065-00000	Homeland Stonegarden			
Personnel Services	\$	191,908	Federal Portion	\$ 336,074
Operating Expenses		48,401	Match	-
Equipment		95,765		
Total Expenses	\$	<u>336,074</u>		<u>\$ 336,074</u>



**COUNTY OF RIVERSIDE, CALIFORNIA
SUPPLEMENTAL PROGRAMS SCHEDULE FOR OFFICE OF AGING
STATE DEPARTMENT OF AGING GRANTS
FOR THE YEAR ENDED JUNE 30, 2012**

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/TV-1112-21/AD19970850	\$ 665,827	\$ -	\$ -	\$ -
APPROP: Senior Community Service Employment Program (SCSEP)	17.235	AD-19970-10-60-A-6	4,166	-	-	-
TOTAL DEPARTMENT OF LABOR			669,793	-	-	-
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-1112-21	22,673	-	-	-
Special Programs for the Aging - Title VII, Chapter 2	93.042	AP-1112-21	68,885	-	-	-
Special Programs for the Aging - Title III Part D	93.043	AP-1112-21	79,652	-	-	-
Special Programs for the Aging - Title III Part B	93.044	AP-1112-21	1,973,484	609,382	-	-
Special Programs for the Aging - Title III Part C	93.045	AP-1112-21	2,577,169	1,856,749	321,540	320,351
National Family Caregivers Support - Title III-E	93.052	AP-1112-21	729,156	211,759	-	-
Nutrition Services Incentive Program (NSIP)	93.053	AP-1112-21	346,460	344,960	-	-
			5,787,479	3,091,745	321,540	320,351
Medicare Improvements for Patients and Provider Act	93.071	2M-1011-21	147,664	28,213	-	-
Medical Assistance Program (Medicaid Title XIX)	93.778	MS-1112-24	531,340	-	531,340	-
Health Care Financing Research, Demonstrations, and Evaluations (HCFA Research)	93.779	HI-1112-21	177,634	164,735	300,642	283,616
			6,854,107	3,284,693	1,153,522	603,967
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass-Through California Department of Aging Ombudsman Volunteer Recruitment Initiative SDF	N/A	None	-	-	41,929	41,929
Ombudsman Volunteer Recruitment Initiative SNFOAF	N/A	None	-	-	100,439	100,439
TOTAL CALIFORNIA STATE DEPARTMENT OF AGING (PASS-THROUGH AND DIRECT GRANTS)			7,323,900	3,284,693	1,295,890	746,335
DEPARTMENT OF AGRICULTURE						
Pass-Through California Department of Food and Agriculture Senior Farmers Market Nutrition Program	10.576	N/A	49,000	-	-	-
NATIONAL SENIOR SERVICE CORPORATION						
Pass-Through Corporation for National and Community Service Retired and Senior Volunteer Program	94.002	20112012-OPEH-P74-COO-61515-4101	61,079	-	-	-
Pass-Through Riverside County Children and Families Commission First Five-Grandparent Raising Grandchildren		06-9077OP, 06-7001OP	-	-	-	444,698
Pass-Through Department of Mental Health Prevention and Early Intervention (PEI) Care Pathway PEI Care Link		440-9855 and 440-9856	-	-	-	498,027
Total			\$ 7,433,979	\$ 3,284,693	\$ 1,295,890	\$ 746,335
						\$ 942,725

