

COUNTY OF STANISLAUS

SINGLE AUDIT REPORT

JUNE 30, 2006

COUNTY OF STANISLAUS

Single Audit Report
For the Year Ended June 30, 2006

Table of Contents

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6-13
Notes to Schedule of Expenditures of Federal Awards.....	14-20
Schedule of Findings and Questioned Costs	21-31
Summary Schedule of Prior Audit Findings	32-35



BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

**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***

The Honorable Grand Jury and
Board of Supervisors
Stanislaus County
Modesto, CA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Stanislaus, California, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2006. 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

In planning and performing our audit, we considered the County of Stanislaus' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County of Stanislaus in a separate letter dated September 28, 2006.

The Honorable Grand Jury and
Board of Supervisors
Stanislaus County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Stanislaus' 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 audit committee, management, Board of Supervisors, 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.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

Bartig, Basler & Ray, LLP

Roseville, California
September 28, 2006



BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Grand Jury and
Board of Supervisors
Stanislaus County
Modesto, CA

Compliance

We have audited the compliance of the County of Stanislaus, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The County of Stanislaus' 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, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Stanislaus' management. Our responsibility is to express an opinion on the County of Stanislaus' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Stanislaus' 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 on the County of Stanislaus' compliance with those requirements.

In our opinion, the County of Stanislaus complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with

The Honorable Grand Jury and
Board of Supervisors
Stanislaus County

OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items 06-1 and 06-4. We also noted certain immaterial instances of noncompliance, which we have reported to management of the County of Stanislaus in a separate report dated September 28, 2006.

Internal Control Over Compliance

The management of the County of Stanislaus is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Stanislaus' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of Stanislaus' ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions noted are described in the accompanying schedule of findings and questioned costs as item 06-1, 06-2, 06-3, 06-4, 06-5 and 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are not material weaknesses. We noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated September 28, 2006.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the

The Honorable Grand Jury and
Board of Supervisors
Stanislaus County

Schedule of Expenditures of Federal Awards (continued)

County of Stanislaus, California, as of and for the year ended June 30, 2006, and have issued our report thereon dated September 28, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, 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.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

Bartig, Basler & Ray, LLP

Roseville, California
September 28, 2006

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures/ Disbursements</u>
<u>U.S. Office of National Drug Control Policies</u>			
Direct Programs:			
High Intensity Drug Traffic Area (HIDTA) 2004	07.000 *	I4PVCP501	\$ 752,921
High Intensity Drug Traffic Area (HIDTA) 2005	07.000 *	I5PVCP501	2,246,286
High Intensity Drug Traffic Area (HIDTA) 2006	07.000 *	I6PCP501	<u>171,018</u>
Total U.S. Office of National Drug Control Policies			<u>\$ 3,170,225</u>
<u>U.S. Department of Agriculture</u>			
Passed through California Department of Food & Agriculture:			
Inspection, Grading and Standardization	10.162	05-0325	<u>4,505</u>
Passed through State Department of Education:			
Summer Food Service Program (SFSP)	10.559	5010	1,568
National School Lunch Program	10.555	N/A	<u>214,493</u>
Subtotal Pass-through			<u>216,061</u>
Passed through California Department of Social Services:			
Food Stamps	10.551	--	45,415,889
State Administrative Matching Grants for Food Stamp Program	10.561	--	3,164,875
SAWS C-IV Food Stamps	10.561	--	<u>732,827</u>
Subtotal Pass-through			<u>49,313,591</u>
Passed through California Department of Health Services:			
Special Supplemental Food Program for WIC	10.557	20-25720/03-75565	2,338,519
State Administrative Matching Grants for Food Stamp Program	10.561	03-75378	15,782
Subtotal Pass-through			<u>2,354,301</u>
Passed through California Department of Aging:			
Senior Farmers Market Nutrition Programs	10.576	30-05-06	<u>16,000</u>
Total U.S. Department of Agriculture			<u>\$ 51,904,458</u>

* Major Program

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures/ Disbursements</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants/State's Program:			
HUD-CDBG Funds 04/05	14.228 *	B-02-UC-06-0010	\$ 1,230,234
HUD-CDBG Funds 05/06	14.228 *	B-02-UC-06-0010	612,152
Subtotal Direct			<u>1,842,386</u>
Passed through California Department of Housing and Community Development:			
Community Development Block Grants/Entitlement Grants:			
HUD - Entitlement Funds 02/03	14.218 *	B-02-UC-06-0010	446,785
HUD - Entitlement Funds 03/04	14.218 *	B-02-UC-06-0010	17,579
Subtotal CFDA 14.218			<u>464,364</u>
HUD-ESG Funds 04/05	14.231	B-02-UC-06-0010	22,159
HUD-ESG Funds 05/06	14.231	B-02-UC-06-0010	61,230
Subtotal CFDA 14.231			<u>83,389</u>
Subtotal Pass-through			<u>547,753</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 2,390,139</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Bureau of Justice Assistance (Meth grant)	16.000	2004DDBX1455	95,172
Bureau of Justice Assistance (JAG 2005)	16.738	--	40,575
CAIRE Grant	16.540	--	2,917
Public Safety Partnership and Community Policing Grants	16.710	2002SHWX0372	4,347
Subtotal Direct			<u>143,011</u>
Passed through California Office of Emergency Services:			
Victim Witness Program	16.575	VW05240500	152,089
Violence Against Women Vertical Prosecution	16.588	VV04060500	14,415
Elder Abuse Prosecution	16.575	EA05080500	52,861

* Major Program

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures/ Disbursements</u>
<u>U.S. Department of Justice (continued)</u>			
Passed through California Office of Emergency Services (continued):			
Stop Abuse and Violence	16.000	PU04030500	\$ 38,361
Subtotal Pass-Through			<u>257,726</u>
Passed through California Department of Corrections and Rehabilitation:			
Juvenile Accountability Grant 2005	16.523	CSA 148-05	<u>32,927</u>
Total U.S. Department of Justice			\$ <u>433,664</u>
<u>U.S. Department of Labor</u>			
Passed through California Department of Aging:			
Senior Community Service Employment Program	17.235	30-05-06	<u>94,233</u>
Passed through California Employment Development Department:			
WIA - LVN Grant	17.258	R588761-693	395,076
WIA - Adult Program	17.258	R588761-202	153,340
WIA - Adult Program	17.258	R692512-201	820,691
WIA - Adult Program	17.258	R692512-202	2,341,769
Subtotal CFDA 17.258			<u>3,710,876</u>
WIA - Youth Activities	17.259	R588761-301	594,891
WIA - Youth Activities	17.259	R692512-301	751,507
WIA - Youth Activities	17.259	R692512-302	1,669,573
Subtotal CFDA 17.259			<u>3,015,971</u>
WIA - Adult Special Program - Veteran Connect	17.260	R588761-643	449,577
WIA - Incentive	17.260	R692512-113	2,918
WIA - Incentive	17.260	R588761-113	322
WIA - Dislocated Workers	17.260	R692512-504	73,727
WIA - Dislocated Workers	17.260	R588761-502	210,710
WIA - Dislocated Workers	17.260	R692512-501	541,331

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures/ Disbursements</u>
<u>U.S. Department of Labor (continued)</u>			
Passed through California Employment Development Department (continued):			
WIA - Dislocated Workers	17.260	R692512-502	\$ 1,100,728
WIA - Rapid Response	17.260	R692512-540	77,773
WIA - Rapid Response	17.260	R692512-541	77,773
WIA - 15% National Emergency Grant - BRAC	17.260	R692512-752	17,500
WIA - 15% Pilot Special Program - Katrina Evacuees	17.260	R692512-777	3,800
Subtotal CFDA 17.260			<u>2,556,159</u>
WIA - Other Program	17.207	R585761-836	44,000
WIA - 15% - Youth Special Program - Bridge	17.253	R692512-648	17,301
Subtotal			<u>61,301</u>
Subtotal Pass-Through			<u>9,344,307</u>
Total U.S. Department of Labor			<u>\$ 9,438,540</u>
<u>U.S. Department of Transportation</u>			
Passed through California Department of Transportation:			
Highway Planning and Construction	20.205	--	<u>\$ 1,799,410</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through California Water Resources Control Board:			
Local Groundwater Protection Pilot	66.606	X-98967901-3	39,765
Leaking Underground Storage Tank Trust Fund Program	66.805	05-021-250-0	54,354
Total U.S. Environmental Protection Agency			<u>\$ 94,119</u>
<u>U.S. Department of Education</u>			
Passed through California Department of Alcohol and Drug Programs:			
TRACS Transitional Recovery	84.225	V255A000073-02A	<u>114,981</u>
Total U.S. Department of Education			<u>\$ 114,981</u>

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures/ Disbursements</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through California Department of Education:			
Child Care and Development Block Grant:			
Stage 2 Child Care (E)	93.575 *	C2AP-5073	\$ 4,307,217
Stage 3 Child Care (E)	93.575 *	C3AP-5074	832,205
Subtotal CFDA 93.575			<u>5,139,422</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:			
Stage 3 Child Care (D)	93.596 *	CAPP-5082	42,388
Subtotal Pass-Through			<u>5,181,810</u>
Passed through California Department of Social Services:			
Social Services Block Grants:			
CWS Title XX	93.667	--	334,267
Foster Home Licensing Title XX	93.667	--	28,440
Subtotal CFDA 93.667			<u>362,707</u>
Foster Care - Title IV-E Grants:			
Foster Care - Title IV-E	93.658 *	--	5,963,320
Out-of-Home Placement Prevention - Title IV-E	93.658 *	--	2,048,900
SAWS C-IV KINGAP	93.658 *	--	9,228
SB933 Monthly Group Home Visits	93.658 *	--	28,683
Subtotal CFDA 93.658			<u>8,050,131</u>
Temporary Assistance for Needy Families Grants:			
Temporary Assistance for Needy Families	93.558 *	--	40,265,310
SAWS C-IV TANF	93.558 *	--	967,876
Subtotal CFDA 93.658			<u>41,233,186</u>
Medical Assistance Programs:			
APS/CSBG Title XIX	93.778 *	--	769,369
CWS Title XIX	93.778 *	--	965,383
Family Preservation Title XIX	93.778 *	--	107,970
In-Home Supportive Services - PCSP Title XIX	93.778 *	--	2,603,033
Public Authority Administration	93.778 *	--	326,610

* Major Program

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Pass-through Grantor's Number	Expenditures/ Disbursements
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through California Department of Social Services (continued):			
Medical Assistance Programs (continued):			
Public Authority Benefits Administration	93.778 *	--	\$ 1,093,857
IHSS Waiver Title XIX	93.778 *	--	302,296
IHSS IP Title XIX	93.778 *	--	17,956,523
Medi-Cal Title XIX (F)	93.778 *	--	7,965,337
Subtotal CFDA 93.778			<u>32,090,378</u>
Promoting Safe and Stable Families	93.556	--	626,732
Refugee and Entrant Assistance - State Administered Programs	93.566	--	115,124
Child Welfare Services - State Grants	93.645	--	374,425
Adoption Assistance	93.659 *	--	4,883,374
Independent Living - ILP	93.674	--	215,366
SAWS C-IV Medi-Cal	93.778 *	--	1,307,501
Stop Abusive & Violent Environments (SAVE) Grant	93.461	--	74,753
Subtotal			<u>7,597,275</u>
Subtotal Pass-Through			<u>89,333,677</u>
Passed through California Department of Child Support Services:			
Child Support Enforcement	93.563 *	2708	<u>10,609,871</u>
Passed through California Department of Health Services:			
Medical Assistance Programs:			
California Children's Services	93.778 *	--	1,111,098
Medi-Cal Administration Activities	93.778 *	375094	260,302
Targeted Case Management	93.778 *	50-0407	3,711,582
Child Health & Disability Program	93.778 *	--	617,905
Subtotal CFDA 93.778			<u>5,700,887</u>
Tuberculosis Prevention	93.116	95117L-02-50	55,763
Childhood Lead Poisoning	93.197	05-45176	100,448
Immunization Project Subvention	93.268	05-45480	192,615

* Major Program

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures/ Disbursements</u>
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through California Department of Health			
Services (continued):			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	01-16578	\$ 555,474
Maternal & Child Health Services	93.994	--	481,119
Subtotal			<u>1,385,419</u>
Subtotal Pass-Through			<u>7,086,306</u>
Passed through California Department of Aging:			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	30-05-06	6,496
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	30-05-06	17,304
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	30-05-06	26,389
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	30-05-06	376,114
Special Programs for the Aging - Title III, Part C1 - Congregate Nutrition	93.045	30-05-06	323,923
Special Programs for the Aging - Title III, Part C2 - Home Delivered Nutrition	93.045	30-05-06	323,249
Title III-E - Family Caregiver	93.052	30-05-06	171,972
Food Distribution-Nutrition Service	93.053	30-05-06	100,000
CBSP Health Insurance Advocacy Program	93.779	30-05-06	51,234
Multi-Purpose Senior Services (MSSP) Title XIX	93.778 *	MS-0506-14	348,542
Subtotal Pass-Through			<u>1,745,223</u>
Passed through California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	135,132
Block Grants for Community Mental Health Services-AB3015 SAMHSA/Dual Diagnosis SAMHSA	93.958	--	2,734,694
Subtotal Pass-Through			<u>2,869,826</u>

* Major Program

COUNTY OF STANISLAUS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures/ Disbursements</u>
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through California Department of Alcohol and Drug Programs:			
Refugee and Entrant Assistance - Discretionary Grants	93.576	02-50-9460-1	\$ 54,449
HIV Prevention Activities - Health Department Based Block Grants for Prevention and Treatment of Substance Abuse	93.940	04-35388	101,500
	93.959	84.19	<u>2,603,776</u>
Subtotal Pass-Through			<u>2,759,725</u>
Total U.S. Dept. of Human & Health Services			<u>119,586,438</u>
Total Expenditures of Federal Awards			<u>\$ 188,931,974</u>

COUNTY OF STANISLAUS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Stanislaus. The County of Stanislaus' reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is sometimes prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements (such as cash basis). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

Note 4: **Subrecipients**

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

<u>CFDA</u>	<u>Program</u>	<u>Amount</u>
14.228	City of Ceres	\$ 377,307
14.228	City of Newman	377,307
14.228	City of Oakdale	377,307
14.228	City of Patterson	377,307
14.228	City of Waterford	377,307
14.228	Children's Crisis Center	20,000
14.228	Second Harvest Food Bank	20,000
14.228	Parents Resource Center	20,000
14.228	West Side Food Pantry	11,100
14.228	United Samaritans Foundation	20,000
14.228	DRAIL	20,000
14.228	Inter-Faith Ministries	10,000

COUNTY OF STANISLAUS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 4: **Subrecipients** (continued)

<u>CFDA</u>	<u>Program</u>	<u>Amount</u>
14.228	Salida Union School District	\$ 20,000
14.228	Healthy Aging Association	20,000
14.228	United Way of Stanislaus County	19,517
14.228	Center for Human Services	39,826
14.228	Newman Crows Landing School	26,770
14.228	Haven Women's Center	19,243
14.228	West Modesto King Kennedy	16,522
14.231	Inter-Faith Ministries	49,236
14.231	Children's Crisis Center	19,240
14.231	Community Housing Shelter	6,274
17.258	Friends Outside	367,319
17.260	Friends Outside	39,785
17.259	Arbor	117,454
17.259	Ceres Unified School District	407,992
17.259	Center for Human Services	128,111
17.259	Computer Tutor	229,434
17.259	Central Valley Opportunity Center	75,354
17.259	Excell Center	96,044
17.259	Modesto City Schools	464,047
17.259	Stanislaus Office of Education	260,331
17.259	Stanislaus Office of Education	131,877
17.259	Youth for Christ	19,616
17.259	Henkels & McCoy	<u>64,272</u>
	Total	<u>\$24,645,899</u>

Note 5: **Program Clusters**

Federal programs, which must be audited together as a program cluster, include the following:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Food Stamp Cluster:</u>		
10.551	Food Stamps	\$ 45,415,889
10.561	State Administrative Matching Grants for Food Stamp Program	3,164,875
10.561	Food Stamp Administration - SAWS CIV Food Stamps	<u>732,827</u>
	Total	<u>\$ 49,313,591</u>

COUNTY OF STANISLAUS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 5: **Program Clusters** (continued)

Child Nutrition Cluster:

10.555	Summer Food Service Program (SFSP)	\$ 1,568
10.559	National School Lunch Program	<u>214,493</u>
	Total	<u>\$ 216,061</u>

WIA Cluster

17.258	WIA – Adult	\$ 3,710,876
17.259	WIA – Youth	3,015,971
17.260	WIA - Dislocated Workers	2,556,159
17.207	WIA – Other Program	44,000
17.301	WIA - Youth Special Program – Bridge	<u>17,301</u>
	Total	<u>\$ 9,344,307</u>

Aging Cluster

93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	\$ 6,496
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	17,304
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	26,389
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	376,114
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	647,172
93.052	Title III-E - Family Caregiver	171,972
93.053	Food Distribution-Nutrition Service	<u>100,000</u>
	Total	<u>\$ 1,345,447</u>

COUNTY OF STANISLAUS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 5: **Program Clusters** (continued)

CCDF Cluster

93.575	Child Care and Development Block Grant	\$ 5,139,422
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	<u>42,388</u>
	Total	<u>\$ 5,181,810</u>

Note 6: **Loans with Continuing Compliance Requirement**

Loans funded through federal programs, for which the federal government is at risk, carried the following balances as of June 30, 2006:

<u>Federal</u>	<u>Program Title</u>	<u>Amount</u>
CFDA		Outstanding
93.558	Temporary Assistance For Needy Families – Housing Authority	\$ 16,926

Note 7: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has either determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

Note 8: **Department of Aging Federal/State Share**

The California Department of Aging (CDA) requires agencies who receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

<u>CFDA</u>	<u>Contract No.</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
10.576	30-05-06	\$ 16,000	\$ --
17.235	30-05-06	94,233	27,116
93.053	30-05-06	100,000	--
93.778	MSSP SS-0506-14	<u>348,542</u>	<u>334,874</u>
	TOTAL	<u>\$ 558,775</u>	<u>\$ 361,990</u>

COUNTY OF STANISLAUS

Schedule of the Office of Emergency Services
and the Board of Corrections Programs
For the Year Ended June 30, 2006

Note 9: Office of Emergency Services Grants

The following represents expenditures for Office of Emergency Services programs for the year ended June 30, 2006. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>MH05050500 - CalMet</u>						
Personal services	\$ --	\$ 815,560	\$ 815,560	\$ --	\$ 815,560	\$ --
Operating expenses	--	245,633	245,633	--	245,633	--
Equipment	--	6,875	6,875	--	6,875	--
Totals	<u>\$ --</u>	<u>\$ 1,068,068</u>	<u>\$ 1,068,068</u>	<u>\$ --</u>	<u>\$ 1,068,068</u>	<u>\$ --</u>
<u>RU05070500 - Rural Crimes</u>						
Personal services	\$ --	\$ 253,904	\$ 253,904	\$ --	\$ 253,904	\$ --
Operating expenses	--	30,121	30,121	--	30,121	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 284,025</u>	<u>\$ 284,025</u>	<u>\$ --</u>	<u>\$ 284,025</u>	<u>\$ --</u>
<u>VB05030500 - Vertical Prosecution Block</u>						
Personal services	\$ --	\$ 253,965	\$ 253,965	\$ --	\$ 253,965	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 253,965</u>	<u>\$ 253,965</u>	<u>\$ --</u>	<u>\$ 253,965</u>	<u>\$ --</u>
<u>VV04060500 - Violence Against Women</u>						
Personal services	\$ 172,978	\$ 19,220	\$ 192,198	\$ 14,415	\$ --	\$ 4,805
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 172,978</u>	<u>\$ 19,220</u>	<u>\$ 192,198</u>	<u>\$ 14,415</u>	<u>\$ --</u>	<u>\$ 4,805</u>
<u>VW05240500 - Victim Witness Assistance</u>						
Personal services	\$ --	\$ 335,988	\$ 335,988	\$ 152,006	\$ 183,982	\$ --
Operating expenses	--	3,966	3,966	83	--	3,883
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 339,954</u>	<u>\$ 339,954</u>	<u>\$ 152,089</u>	<u>\$ 183,982</u>	<u>\$ 3,883</u>

COUNTY OF STANISLAUS

Schedule of the Office of Emergency Services
and the Board of Corrections Programs
For the Year Ended June 30, 2006

Note 9: **Office of Emergency Services Grants** (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
	EA05080500 - Elder Abuse Prosecution					
Personal services	\$ --	\$ 29,114	\$ 29,114	\$ 12,890	\$ --	\$ 16,224
Operating expenses	--	39,971	39,971	39,971	--	--
Equipment	--	--	--	--	--	--
Totals	\$ --	\$ 69,085	\$ 69,085	\$ 52,861	\$ --	\$ 16,224
PU04030500 - Stop Abuse and Violence						
Personal services	\$ 52,100	\$ 51,148	\$ 103,248	\$ 38,361	\$ --	\$ 12,787
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	\$ 52,100	\$ 51,148	\$ 103,248	\$ 38,361	\$ --	\$ 12,787
DC04150500 - Stanislaus Anti-Drug						
Personal services	\$ 90,809	\$ 163,253	\$ 254,062	\$ 163,253	\$ --	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	\$ 90,809	\$ 163,253	\$ 254,062	\$ 163,253	\$ --	\$ --

COUNTY OF STANISLAUS

Schedule of the Office of Emergency Services
and the Board of Corrections Programs
For the Year Ended June 30, 2006

Note 9: **Department of Corrections and Rehabilitation Grants**

The following represents expenditures for the Department of Corrections and Rehabilitation programs for the year ended June 30, 2006. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through	For the Year Ended	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2005	June 30, 2006	June 30, 2006			
<u>Juvenile Accountability - CSA 148-05</u>						
Personal services	\$ --	\$ 5,489	\$ 5,489	\$ 3,649	\$ --	\$ 1,840
Operating expenses	--	1,840	1,840	--	--	1,840
Contracts	--	13,877	13,877	13,877	--	--
Other	--	15,401	15,401	15,401	--	--
Totals	<u>\$ --</u>	<u>\$ 36,607</u>	<u>\$ 21,206</u>	<u>\$ 32,927</u>	<u>\$ --</u>	<u>\$ 3,680</u>

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Program</u>
14.218	Community Development Block Grants/Entitlement Grants
14.228	Community Development Block Grants/State's Program
07.000	High Intensity Drug Traffic Area (HIDTA)
93.558	Temporary Assistance for Needy Families

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Federal Awards (continued)

4. Identification of major programs (continued):

<u>CFDA Number</u>	<u>Program</u>
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.778	Medical Assistance Program
 <i>CCDF Cluster:</i>	
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 5. Dollar threshold used to distinguish between Type A and Type B programs?	
	\$ 3,000,000
 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	
	No

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.778	Finding 06-1
CFDA 93.778	Finding 06-2
CFDA 93.778	Finding 06-3
CFDA 93.558	Finding 06-4
CFDA 93.659	Finding 06-5

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Program	Findings/Noncompliance
Finding 06-1	<i>Compliance Requirement: Eligibility (IEVS) Reporting Requirement: Reportable Condition; Material Noncompliance In Relation to Compliance Supplement Audit Objective.</i>
Medical Assistance Program CFDA 93.778	<u>Criteria</u> As required by § 1137 of the Social Security Act, income and benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits or services. As well, as an internal control, the eligibility worker signs the IEVS report after reviewing the IEVS report and comparing it to the case record.
Award No. n/a Year: 05/06	<u>Condition</u> We tested twenty-four cases from the Medical Assistance Program and noted that nine cases did not contain an IEVS for one or more assisted members of the family. We also noted that in two other cases the IEVS was not signed by the eligibility worker.
	<u>Questioned Costs</u> None.
	<u>Effect of Condition</u> The IEVS system is an elaborate, federally-mandated system which compiles government information for the purpose of tracking federal program eligibility data. Not requesting and using IEVS in eligibility determination can result in individuals receiving benefits to which they are not entitled.
	<u>Recommendation</u> We recommend that the Department review this omission to request, review, and compare the IEVS to information in the case record and

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Program	Findings/Noncompliance
<p>Finding 06-1 (continued)</p> <p>CFDA 93.778</p>	<p><u>Recommendation</u> (continued)</p> <p>attempt to determine why the current system of controls failed. We further recommend that the Department remind the eligibility workers that the IEVS must be signed after it is reviewed.</p> <p><u>Corrective Action Plan</u></p> <p>Stanislaus County agrees with the findings and will assign the Medi-Cal Tech Team to review our current process, identify any issues related to the findings, and make any necessary corrections. Staff received refresher training on processing IEVS in October 2006 just after the preliminary audit findings were discussed. The training was mandatory for all Family Services staff and supervisors.</p> <p>The contact person is Sysvanh Kabkeo, Manager IV, (209) 558-2827.</p>
<p>Finding 06-2</p> <p>Medical Assistance Program CFDA 93.778</p> <p>Award No. n/a Year: 05/06</p>	<p><i>Compliance Requirement: Eligibility (Assistance to Aliens)</i> <i>Reporting Requirement: Reportable Condition.</i></p> <p><u>Criteria</u></p> <p>Documented aliens who entered the United States on or after August 22, 1996, are not eligible for Federal public benefits for a period of five years beginning on the date of the alien's entry into the United States, unless an exception under 8 USC 1612(b)(2) or 1613 applies.</p> <p>Based on information the counties download to the State, the State determines citizen status and the date documented aliens entered the United States. Medi-Cal is paid by federal dollars for documented aliens only if the individual entered the United States before August 22, 1996, has been in the United States for five years, or an exception under 8 USC 1612(b)(2) or 1613 applies. However, for this system to work, the date aliens entered the United States must be correctly coded in the County eligibility system. As well, the Immigration Reform Control Act (IRCA) mandates that immigration status of each non-citizen must be verified with the Immigration and Naturalization Service (INS) as a condition of eligibility. All County Information Notice I-71-00, § 2.4.</p>

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 06-2 (continued)	<u>Condition</u> We tested twenty-four cases and located two cases where the date of entry into the United States had not been entered into the eligibility system. We also located one case where a client claimed legal permanent resident status but the County did not obtain the LPR card from the client.
CFDA 93.778	<u>Questioned Costs</u> We were unable to determine whether or not costs should be questioned. The state handles all medical payments on behalf of Medi-Cal clients.
	<u>Effect of Condition</u> The effect is that clients could receive full scope federal Medi-Cal benefits, when under the circumstances, federal law requires that only emergency Medi-Cal services be paid with federal funds.
	<u>Recommendation</u> We recommend that the Department review this incorrect alien coding and omission to obtain evidence of legal permanent resident status and determine whether (1) this is an isolated instance of noncompliance; or (2) procedures can be implemented to prevent recurrence. If necessary, we recommend that the County modify internal controls regarding alien status.
	<u>Corrective Action Plan</u> Stanislaus County agrees with the findings and will take the following actions: (1) To review the cases and take appropriate actions by March 2007. (2) To assign the Medi-Cal Tech Team to review our current process, identify any issues related to the findings, make any necessary corrections, and educate staff timely and appropriately by March 2007.
	The contact person is Sysvanh Kabkeo, Manager IV, (209) 558-2827.

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Program

Findings/Noncompliance

Finding 06-3

Medical Assistance Program
CFDA 93.778

Award No. n/a
Year: 05/06

Compliance Requirement: Eligibility ("Linkage" for Medi-Cal Eligibility)

Reporting Requirement: Reportable Condition.

Criteria

Regardless of income or property holdings, only persons who meet certain criteria are eligible for Medi-Cal. Persons meeting criteria for Medi-Cal eligibility include those persons who are age 65 or older, blind, disabled, under age 21, pregnant, in a skilled nursing or intermediate care facility, the parent or caretaker relative supporting a child under 21, receiving SSI/SSP, receiving Foster Care, receiving CalWorks, or receiving Adoptions Assistance.

Condition

In one case, the grandmother (age 62) was formerly the caregiver relative and supporting her grandchild. The mother moved back into the home. At that time the grandmother's Medi-Cal should have been terminated but it was not. In a second case, the father was eligible, as he was the parent, and supporting, his child under age 21. The father then moved out of the home leaving the child with the mother. At that time, the father's Medi-Cal should have been terminated but it was not.

Questioned Costs

We were unable to determine whether or not costs should be questioned. The state handles all medical payments on behalf of Medi-Cal clients.

Effect of Condition

In this case, two individuals received federally-funded Medi-Cal for a few months when they were not entitled to such benefits.

Recommendation

We recommend that the Department review and correct, if necessary, its process of making sure that individuals who become ineligible for

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Program	Findings/Noncompliance
Finding 06-3 (continued) CFDA 93.778	<u>Recommendation</u> (continued) Medi-Cal due to change in their circumstances do not continue to receive benefits. <u>Corrective Action Plan</u> Stanislaus County agrees with the findings and will assign the Medi-Cal Tech Team to review our current process, identify any issues related to the findings, make any necessary corrections, and educate staff timely and appropriately by March 2007. The contact person is Sysvanh Kabkeo, Manager IV, (209) 558-2827.
Finding 06-4 Temporary Assistance for Needy Families CFDA 93.558 Award No. n/a Year: 05/06	<i>Compliance Requirement: Eligibility and Special Tests (Required Welfare to Work Participation)</i> <i>Reporting Requirement: Reportable Condition; Material Noncompliance In Relation to Compliance Supplement Audit Objective.</i> <u>Criteria</u> Each adult receiving Federal assistance (unless the person is exempt by reason of their status or the person is granted an exemption) must participate in the Welfare to Work Program (WTW). If an individual refuses to engage in required work, the Department must reduce assistance to the family for the period of time during which the individual refuses to participate in the WTW program. <u>Condition</u> We tested eligibility in twenty-four TANF cases and noted the following three situations: <i>First case:</i> Repeated attempts to convince the client to attend WTW were unsuccessful between May and November of 2005. However, the client was not sanctioned.

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Program	Findings/Noncompliance
Finding 06-4 (continued)	<u>Condition</u> (continued)
CFDA 93.558	<i>Second Case:</i> This client was on assistance since May 2005 and had no WTW exemption nor exempt status. However, the Department did not require that the client register for Welfare-To-Work until February 2006.
	<i>Third Case:</i> This client was sanctioned under the WTW program from August 31, 2005 through May 31, 2006. However, the client received assistance in the tested month of December 2005.
	<u>Questioned Costs</u>
	We did not question costs because the amount questioned would be under the \$10,000 threshold identified in OMB A133 §510(a)(4).
	<u>Effect of the Condition</u>
	The effect is TANF benefits were paid to adults who should have been sanctioned but were not.
	<u>Recommendation</u>
	We recommend that the County review and improve its internal control system of ensuring that each adult individual who does not participate in WTW is sanctioned, as required.
	<u>Corrective Action Plan</u>
	In response to AB 1808, Stanislaus County is in the process of amending the State Plan. Strategies for up-front engagement, a specialized unit to work with sanctions and specialization for exemptions will be implemented and are included in the plan. The plan amendment will be finalized by 1/05/07. Implementation will begin after the State certifies the plan.
	The contact person is Nicole Pollack, Manager IV, (209) 558-3521.

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2006

Program

Findings/Noncompliance

Finding 06-5

Adoption
Assistance

CFDA 93.659

Award No. n/a
Year: 05/06

*Compliance Requirement: Eligibility (Income Requirements)
Reporting Requirement: Reportable Condition.*

Criteria

Federal Adoption Assistance may be claimed for an otherwise eligible child only when (1) the child would have been eligible for the former Aid to Families with Dependent Children (AFDC) program on July 16, 1996, except for his/her removal from the home of a relative; (2) the child is eligible for Supplemental Security Income; or (3) the child's costs in a foster family home are being paid with respect to his/her minor parent. 42 USC 673(a)(2)(A).

Condition

We tested twenty-four Adoptions Assistance cases and noted one case where the FC 9 stated that the child was ineligible for federal Foster Care, but Adoption Assistance was paid with federal funds. Upon further investigation, we learned that the child was never in Foster Care but instead came from a private adoption agency. Because of this, the County was not able to obtain income information about this child's family, and thus did not have sufficient information to determine if the child was eligible under the above-stated criteria for federal Adoption Assistance. The Department indicated that the new C-IV system could have erroneously changed the aid code.

Questioned Costs

No costs are questioned. We noted that \$2,621 per month was being paid on behalf of this child. However, the County amended the Adoptions Assistance payment reports (CA 800s) to correct the source of funding for this child to state, rather than federal, funding.

Effect of the Condition

The effect is Federal Adoptions Assistance benefits were paid on behalf of this child when assistance should have been paid with state funds.

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Program	Findings/Noncompliance
Finding 06-5 (continued)	<u>Recommendation</u>
CFDA 93.659	<p>The circumstances in this case, that is, that the child came from a public adoptions agency, are highly unusual. However, the fact that the Department indicates that the new system could have changed the aid code is of concern. We recommend that the Department investigate whether or not the C-IV system changed the aid code, determine what types of cases might have been affected and what corrective action is necessary.</p>
	<u>Corrective Action Plan</u>
	<p>When this error was initially identified, it was thought it could have been an issue within the C-IV system. Once we reviewed the actual file, we determined the error was not a problem with C-IV, the error was the result of the worker choosing the wrong aid code. As previously noted, the worker re-ran all of the aid payments using the correct aid code. In any determination of eligibility, there is the possibility of human error. To mitigate errors, we have a case review process for the Foster Care unit. We have added an additional category to our review list to ensure that the supervisor will review each case pulled for review for the correct aid code. A copy of the tool used to review cases is attached for your information. This process should address the concerns noted regarding a case receiving benefits under a wrong aid code, as this would be identified in the formal review process. If a trend is noted, that is the error is noted more frequently or on more cases, it will be a training issue and staff will be trained on how to determine the appropriate aid code for each case. The case review tool was updated in October 2006 and implemented for use in the monthly case review process beginning November 1, 2006.</p>
	<p>Please note that the finding in the 2005 audit indicated that there was a problem with three cases being paid under the incorrect aid code. This was attributed to a systems issue with C-IV as well as a training issue on how to use the drop down menu. While this finding bears a resemblance to the current finding, there is no link between the two errors. There actually was a C-IV issue for the previous audit and to training issues associated with going live with a foster care program that had to be completely redesigned within 3 months of go live.</p>

COUNTY OF STANISLAUS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Program	Findings/Noncompliance
Finding 06-5 (continued)	<u>Corrective Action Plan</u> (continued)
CFDA 93.659	We believe that the monthly case review process will address this issue in a timely manner so that if there is an error of this type, it can be immediately corrected.
	The contact person is Virginia Wilson, Manager III, (209) 558-3357.

COUNTY OF STANISLAUS

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
<p>Finding 05-1 Temporary Assistance for Needy Families (TANF) CFDA 93.558</p>	<p><u>Recommendation</u></p> <p>The County should verify the eligibility of, and amount of assistance for, each applicant and recipient for aid through IEVS by: submitting applicant information to IEVS as specified in Sections 20-006.41 and .42 of the CDSS Manual and requesting on a quarterly basis income and eligibility information through IEVS for recipients in accordance with Section 20-006.22 of the CDSS Manual.</p> <p><u>Status</u></p> <p>Not implemented. During the current year, we tested twenty-four cases from the Temporary Assistance for Needy Families program and noted that four cases did not contain an IEVS for one or more assisted members of the family. We also noted that in one other case the IEVS was not signed by the eligibility worker.</p> <p><u>Corrective Action Plan</u></p> <p>Stanislaus County agrees with the finding. Staff have received refresher training in processing IEVs after the preliminary audit findings were discussed. The training was mandatory for all Family Services staff and supervisors. The training was given between October 24 and November 2, 2006.</p> <p>The contact person is Nicole Pollack, Manager IV, (209) 558-3521.</p>
<p>Finding 05-2 Temporary Assistance for Needy Families (TANF) CFDA 93.558</p>	<p><u>Recommendation</u></p> <p>We recommend that the County ensure that recipients are cooperating in providing routinely available documentation of school attendance of all applicable school-age children in the assistance unit when requested by the County, and failure to cooperate should result in payment reductions per the CDSS Manual.</p> <p><u>Status</u></p> <p>Implemented.</p>

COUNTY OF STANISLAUS

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
Finding 05-3 Adoption Assistance CFDA 93.558	<u>Recommendation</u> In the process of testing internal controls over eligibility compliance requirements, we noted 20 cases out of the 40 tested in which the AAP-4 had not been signed by the Family Services Specialist. We recommend that a formal training or notification should be given to all Adoption Assistance Program staff and all training materials reviewed and updated to include this as a necessary step during the case establishment process. Additionally, a review process should be added for all AAP-4 forms prior to data imaging to ensure all necessary areas are completed and signed prior to sending out the imaging packet. This review could be completed by administrative personnel and any incomplete forms would be returned to the appropriate worker for completion. <u>Status</u> Implemented.
Finding 05-4 Adoption Assistance CFDA 93.559	<u>Recommendation</u> In the process of testing internal controls over eligibility compliance requirements, we noted six files out of the 40 tested in which the AAP-1 was either missing (four) or not completed and signed by the adoptive parents (two). In order to fix the deficiency identified and to prevent future occurrences, we recommend that management perform a formal training for all social workers who work in the Adoption unit expressing the necessary documentation and ensure that the staff size and competence level is adequate for making the required eligibility determinations and manual criteria checklists used in making sure that the file is assembled with all appropriate documentation. Written policies that provide direction for making and documenting how the social workers and eligibility workers should address situations in which forms are not returned by the adoptive parents and follow through on getting the proper documentation and during the random reviews that occur of files for

COUNTY OF STANISLAUS

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
Finding 05-4 Adoption Assistance (continued) CFDA 93.559	<u>Recommendation</u> (continued) quality control, a step should be added to check that all necessary documentation is included. <u>Status</u> Implemented.
Finding 05-5 Adoption Assistance CFDA 93.558	<u>Recommendation</u> To fix the deficiency identified and prevent future occurrences, we recommend that a review process for all Adoptions Assistance cases be implemented in which the eligibility aid type noted on the AAP-4 be verified against the aid coding in the C-IV system at intake and recertification of the case. <u>Status</u> Implemented.
Finding 05-6 Child Support Enforcement CFDA 93.563	<u>Recommendation</u> We recommend that the vendor invoices should go directly to the department head and/or responsible individual(s) who are knowledgeable of the requirements for determining activities allowed and allowable cost and approved for payment. The invoices should then go to the accounting department for matching with other supporting documentation prior to payment. <u>Status</u> Implemented.

COUNTY OF STANISLAUS

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
Finding 04-1 Foster Care – Title IV-E CFDA 93.558	<u>Recommendation</u> During our eligibility testing of Foster Care cases, we noted one instance where the original FC2 form was not signed by the social worker, and one instance where the FC2 could not be located. We recommend that County maintain complete and current files as well as check the accuracy of payments. By doing so, the County will be in compliance with the program guidelines. Management should re-emphasize the importance of maintaining complete and accurate files and perform periodic case reviews to determine that documented procedures are being followed. <u>Status</u> Implemented.