COUNTY OF PLACER

REPORTS REQUIRED BY OMB CIRCULAR A-133

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

APR 7 RECD

COUNTY OF PLACER

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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COUNTY OF PLACER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Agriculture			
Passed through State Department of Social Services:			
Food Stamps Benefits	10.551	--	$ 10,915,861
Food Stamps Administration	10.561	--	1,495,744
Subtotal - Food Stamps Cluster			12,411,605
Passed through State Department of Education:			
School Nutrition Program	10.555	--	68,381
Passed through State Department of Health Services:			
WIC Supplemental Food Program	10.557	02-25001 A04	845,665
Direct:			
Schools and Roads - Grants to Counties	10.672	--	705,948
Total U.S. Department of Agriculture			14,031,599
U.S. Department of Commerce			
Passed through State Department of Fish and Game:			
Habitat Conservation Plan	11.463	--	16,294
U.S. Department of Housing and Urban Development			
Passed through Sacramento County:			
Housing Opportunities for People with AIDS	14.241	--	39,231
Passed through State Department of Housing and Community Development:			
Community Development Block Grant	14.228	04-EDBG-1162	1,823,234
Community Development Block Grant	14.228	05-STBG-1547	278,500
Community Development Block Grant	14.228	05-STBG-1548	17,815
Subtotal			2,119,549
HOME Investment Partnership Program	14.239	05-HOME-2123	419,377
Section 8 Housing Choice Vouchers	14.871	--	1,880,703
Passed through State Department of Mental Health:			
Supportive Housing	14.235	--	287,444
Shelter Plus Care	14.238	--	45,969
Total U.S. Department of Housing and Urban Development			4,792,273
U.S. Bureau of Land Management			
Passed through State Department of the Interior:			
US Forest Reserve - Title III	15.234	HR2389	377,185

See accompanying notes to schedule of expenditures of federal awards

COUNTY OF PLACER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Justice			
Direct:			
COPS Technology Grant	16.710	2003CKWX0282	565,210
COPS Technology Grant	16.710	2004CKWX0050	218,737
COPS Technology Grant	16.710	2005CKWX0065	3,652
Subtotal			787,599
Justice Assistance Grant (Edward Byrne memorial)	16.738	2005DJBX1470	47,676
Cannabis Eradication	16.999	2008-34	5,472
Passed through State Office of Emergency Services:			
Crime Victim Assistance:			
Victim Witness	16.575	VW07250310	84,086
Elder Abuse	16.575	SE07100310	110,000
Subtotal			194,086
Anti-Drug Enforcement Program	16.738	DC07180310	215,242
Total U.S. Department of Justice			1,250,075
U.S. Department of Labor			
Passed through Golden Sierra Training Agency:			
Workforce Investment Act/Rapid Response Grant	17.260	R760321	49,552
U.S. Department of Transportation			
Direct:			
Federal Transit - Capital Investment Grants (Section 5309)	20.500	CA-03-0560	245,792
Federal Transit - Formula Grants (Section 5307)	20.507	CA-90-Y499	880,000
Subtotal - FTA Cluster			1,125,792
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	--	3,912,538
Highway Planning and Construction	20.205	CML-5919(048)	16,373
Subtotal			3,928,911
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	647150	140,198
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	647151	45,096
Subtotal			185,294
Passed through State Office of Traffic Safety:			
Intensive DUI Supervision Services Project	20.600	AL0714	69,150
Total U.S. Department of Transportation			5,309,147

See accompanying notes to schedule of expenditures of federal awards

COUNTY OF PLACER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Environmental Protection Agency			
Direct:			
Water Infrastructure	66.606	XP-98968901	1,018,438
U.S. Department of Education			
Passed through State Department of Alcohol and Drug Programs:			
Special Education - Grants to States	84.027	04-14468-1031-01	975,798
Safe and Drug Free Schools and Communities	84.186	SDF 03-10	143,355
Total U.S. Department of Education			1,119,153
U.S. Secretary of State			
Passed through State Office of Secretary:			
HAVA Section 301 Voting Systems Program	90.401	06G30161	748,971
U.S. Department of Health and Human Services			
Direct:			
Health Resources and Services Administration	93.887	C76HF00523	2,368,356
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	5U79 SM57070-02	1,463,668
Passed through California Family Health Council:			
Family Planning Services	93.217	--	104,491
Passed through State Department of Social Services:			
Child Welfare Services	93.645	--	235,533
Temporary Assistance for Needy Families (TANF) - Admin	93.558	--	10,389,939
Temporary Assistance for Needy Families (TANF) - Direct	93.558	--	8,813,717
Subtotal			19,203,656
Foster Care - Administration	93.658	--	4,341,177
Foster Care - Direct	93.658	--	1,153,615
Subtotal			5,494,792
Refugee Cash Assistance	93.566	--	15,813
Promotion of Safe and Stable Families	93.556	--	161,998
Child Support Enforcement (Title IV-D)	93.563	--	4,266,489
Adoption Assistance - Administration	93.659	--	190,091
Adoption Assistance - Direct	93.659	--	1,770,867
Subtotal			1,960,958
Social Services Block Grant	93.667	--	971,337
Chafee Foster Care Independence Program	93.674	--	117,031

See accompanying notes to schedule of expenditures of federal awards

COUNTY OF PLACER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	06F-4733	81,855
Community Services Block Grant	93.569	08F-4932	140,727
Subtotal			222,582
Passed through State Department of Alcohol and Drug Program:			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	--	1,428,166
Passed through State Department of Aging:			
Disease Prevention and Health Promotion Services	93.043	40-23-31-07	24,999
Passed through State Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	--	696,244
Passed through State Department of Health Services:			
Bioterrorism Training and Curriculum Development Program	93.996	--	686,973
Projects for Assistance in Transition from Homelessness	93.150	--	37,211
Childhood Lead Poisoning Prevention Program	93.197	--	13,657
Medical Assistance Program	93.778	--	1,964,822
Maternal and Child Health Service Block Grant	93.994	--	396,675
Adolescent Family Life Demonstration Projects	93.995	--	207,170
Passed through State Office of Aids to the County of Sacramento:			
HIV Care Formula Grant - Ryan White Care Program	93.917	7276-07/10-706	186,159
Total U.S. Department of Health and Human Services			42,228,780

See accompanying notes to schedule of expenditures of federal awards

COUNTY OF PLACER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Homeland Security			
Passed through State Office of Emergency Services:			
Emergency Management Performance Grant	97.042	2007-EM-E7-0006	21,542
Emergency Management Performance Grant	97.042	EMF-2008-GR	50,754
Subtotal			72,296
Passed through State Office of Homeland Security:			
State Homeland Security Grant (SHSGP)	97.073	2006-071	274,159
State Homeland Security Grant (SHSGP)	97.073	2007-008	200,254
State Homeland Security Grant (LETPP)	97.074	2006-071	179,947
State Homeland Security Grant (LETPP)	97.074	2007-008	44,815
Subtotal			699,175
Pre-disaster Mitigation Competitive Program	97.017	2005-0011	75,141
Direct:			
Assistance to Firefighters Grant	97.044	EMW-2006-FG-14628	329,759
Total U.S. Department of Homeland Security			1,176,371
Total Expenditures of Federal Awards			$ 72,117,838

See accompanying notes to schedule of expenditures of federal awards

COUNTY OF PLACER

Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Note 1: Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the County of Placer (County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

Note 2: Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in governmental funds and the accrual basis of accounting for expenditures accounted for in proprietary funds, as described in Note 1 of the County's basic financial statements.

Note 3: Relationship to Financial Statements

Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the County's basic financial statements.

Note 4: Catalog of Federal Domestic Assistance (CFDA)

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 5: Food Stamp Coupons

The County issued food stamp coupons valued at $10,915,861 for the fiscal year ended June 30, 2008. This amount is for informational purposes only as the receipts and issuance of food stamp coupons are not recorded in the County's financial records.

Note 6: Subrecipients

Of the federal expenditures presented in the SEFA, the County provided federal awards to the following subrecipients:

Federal CFDA	Subrecipient	Amount
93.917	Sierra Foothills Aids Foundation	$ 186,159
14.241	Sierra Foothills Aids Foundation	39,231
93.569	Salvation Army	42,751
93.569	Tahoe Women's Services	19,907
93.569	Seniors First	28,500
93.569	Sierra Senior Services	24,984
93.569	The Gathering Inn	34,509
93.569	The Lazarus Project	12,447
93.569	The Lighthouse Council	6,668
93.569	Peace for Families	10,668
97.073	City of Rocklin	10,923
97.073	City of Roseville	132,571
97.073	Truckee Fire Protection District	49,313
97.073	South Placer Fire District	531
97.074	City of Lincoln	47,033
97.074	City of Roseville	79,794
97.074	City of Rocklin	5,172
	Total	$ 731,161

Note 7: Pass-Through Entities' Identifying Number

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

Note 8: California Office of Emergency Services Grants

The following represents expenditures for Office of Emergency Services (OES) programs for the fiscal year ended June 30, 2008. The amount reported in the SEFA is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed/ Revenues Recognized For the Fiscal Year Ended June 30, 2008	Share of Expenditures Current Year Federal Share	State Share	County Share
DC07180310 - Anti-Drug Enforcement				
Personal services	$ 192,545	$ 192,545	$ -	$ -
Operating expenses	22,697	22,697	-	-
Totals	$ 215,242	$ 215,242	$ -	$ -
SE07100310 - Special Emphasis Victim Assistance				
Personal services	$ 132,167	$ 110,000	$ -	$ 22,167
Operating expenses	5,333	-	-	5,333
Totals	$ 137,500	$ 110,000	$ -	$ 27,500
VB06040310 - Vertical Prosecution				
Personal services	$ 179,461	$ -	$ 179,461	$ -
VW07250310 - Victim Witness Assistance				
Personal services	$ 188,442	$ 84,086	$ 104,356	$ -

Note 9: CSD Contract Nos. 06F-4733 and 08F-4932

The following represents revenues and expenditures for the CSD contract number 06F-4733 for the period January 1, 2006 through December 31, 2007.

	January 1, 2006 through June 30, 2007	July 1, 2007 through December 31, 2007	Totals	Total Budget
Revenue				
Grant Revenue	$ 264,563	$ 81,855	$ 346,418	$ 347,112
Expenditures				
Personnel Costs				
Salaries and wages	$ 11,071	$ 2,660	$ 13,731	$ 2,527
Fringe benefits	3,021	6,368	9,389	1,583
Subtotal Personnel Costs	14,092	9,028	23,120	4,110
Non-Personnel Costs				
Operating expenses and supplies	15,530	6,397	21,927	19,800
Subcontractors	234,941	66,430	301,371	323,202
Subtotal Non-Personnel Costs	250,471	72,827	323,298	343,002
Total Costs	$ 264,563	$ 81,855	$ 346,418	$ 347,112

COUNTY OF PLACER

Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

The following represents revenues and expenditures for the CSD contract number 08F-4932 for the period January 1, 2008 through June 30, 2008.

	January 1, 2008 through June 30, 2008	Total Budget
Revenue		
Grant Revenue	$ 140,727	$ 243,054
Expenditures		
Personnel Costs		
Salaries and wages	$ 17,534	$ 30,146
Fringe benefits	9,189	13,696
Subtotal Personnel Costs	26,723	43,842
Non-Personnel Costs		
Operating Expenses and Supplies	-	43,715
Subcontractors	114,004	155,497
Subtotal Non-Personnel Costs	114,004	199,212
Total Costs	$ 140,727	$ 243,054

Gilbert Associates, Inc.
CPAs and Advisors

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

Board of Supervisors and Grand Jury
County of Placer
Auburn, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County of Placer, California (the County), as of and for the fiscal year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 19, 2008. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's 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. 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency 08-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

We also noted certain additional matters that we reported to the County's management in a separate letter dated February 18, 2009.

The County's response 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 response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's management, Board of Supervisors, Audit Committee, Grand Jury, 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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC
Sacramento, California

December 19, 2008

Gilbert Associates, Inc.
CPAs and Advisors

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

Board of Supervisors and Grand Jury
County of Placer
Auburn, California

Compliance

We have audited the compliance of the County of Placer (the County) 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 fiscal year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as item 08-2.

Internal Control Over Compliance

The management of the County 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's 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County as of and for the fiscal year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 19, 2008. Our audit was performed for the purpose of forming opinions on the County's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB 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 financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the County's management, Board of Supervisors, Audit Committee, Grand Jury, 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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC
Sacramento, California

February 18, 2009,
except for the Schedule of Expenditures of Federal Awards,
as to which the date is December 19, 2008.

COUNTY OF PLACER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	✓ No
Significant deficiency(s) identified not considered to be material weaknesses?	✓ Yes	____ None Reported
Noncompliance material to financial statements noted?	____ Yes	✓ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	✓ No
Significant deficiency(s) identified not considered to be material weaknesses?	____ Yes	✓ None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	✓ Yes	____ No

Identification of major programs

CFDA Number(s)	Name of Federal Program or Cluster
10.551/10.561	Food Stamps
14.228	Community Development Block Grant
93.563	Child Support Enforcement (Title IV –D)
93.658	Foster Care
93.887	Health Resources and Services Administration
93.996	Bio-Terrorism Training and Curriculum Development

Dollar threshold used to distinguish between Type A and Type B programs	$ 2,163,535	
Auditee qualified as low-risk auditee?	✓ Yes	____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

08-1 ACCOUNTS PAYABLE

Condition:

We identified one significant adjustment in the road fund that was necessary to properly state accounts payable at year-end in accordance with generally accepted accounting principles. Accruals for payables are considered and accrued for during the County's year-end closing process; however, a significant payable was not identified and accrued at June 30, 2008. The occurrence of adjustments subsequent to management's close of the financial records indicates the existence of a control deficiency in the closing process.

Recommendation:

In order for the County's management to have a complete financial picture and to present financial statements in accordance with generally accepted accounting principles, it is important to record all payables at fiscal year-end. This will enable management to be better informed about the County's financial status and make decisions based on a more accurate financial picture. We recommend that the management of the County review the existing closing and reconciliation process for accounts payable to determine its effectiveness and add procedures deemed appropriate to help ensure that these types of adjustments are captured in the year-end closing process.

Management Response:

We concur with the auditor's recommendation.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

08-2 FOOD STAMPS - SPECIAL TESTS AND PROVISIONS

Federal Agency: U.S. Department of Agriculture
Award Year: 2007-2008
Catalog Number: 10.551/10.561
Name of Pass-Through Entity: California Department of Social Services

Criteria or Specific Requirement That Was Not Complied With:

Per review of the OMB Circular A-133 special tests and provisions compliance requirements, State agencies are required to automate their Food Stamp Program operations and computerize their systems for obtaining, maintaining, utilizing, and transmitting information concerning the Food Stamp Program (7 CFR sections 272.10 and 277.18). This includes: (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation for households which have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period (7 CFR sections 272.10(b)(1)(iii) and 273.10(f) and (g)); and (3) generating data necessary to meet Federal issuance and reconciliation reporting requirements. According to California Department of Social Services code 63-300 all Food Stamp program applicants must complete an application for food stamps (SAWS 1), or equivalent, sign a statement of facts, and sign a penalty warnings statement (SAWS 2), or equivalent. In California the applicant recertification process is accomplished by completing the SAWS 1, statement of facts, and SAWS 2 on an annual basis.

Condition:

- Three case files out of twenty-five examined were missing the SAWS 2 document.
- One case file out of twenty-five examined did not contain a signed statement of facts.
- One case file out of twenty-five examined did not contain a statement of facts.
- One case file out of twenty-five examined did not contain the SAWS 1 for the period being tested.
- One case file out of twenty-five examined was not cut off when the recertification process was not completed.

Amount of Questioned Costs and How Computed:

Questioned costs totaled $3,436. The questioned costs are in relation to one case file in which the SAWS 1, statement of facts, and the SAWS 2 were missing. The costs were calculated by obtaining a County report which detailed the benefits received by the individual for the entire year. Because the SAWS 1 for the year being audited was not completed the benefits paid to the recipient for the entire year were considered unallowable.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

08-2 FOOD STAMPS – SPECIAL TESTS AND PROVISIONS (Continued)

Effect:

The County made benefit payments to potentially ineligible participants.

Cause of Condition:

The lack of review of participant case files by management and under utilization of the County's reporting (CalWin) system.

Recommendation:

We recommend that the County require that all participant case files be reviewed by management to ensure completion of all required documents. We also recommend that the CalWin system be monitored to ensure that it is functioning appropriately by cutting off participants that have not been properly recertified.

Views of Responsible Officials and Planned Corrective Actions:

Placer County's food stamp population has grown by 30% since fiscal year 2007/2008. In late December 2008 we took action to transfer three workers to food stamp processing. In our Auburn office we redistributed workload to create greater efficiencies in Food Stamps and CalWORKS. Lastly we have five workers that will start training in the Food Stamp and Medi-Cal programs effective April 1, 2009. With the redirection of staff we believe we will create efficiency and accuracy within the program.

We have changed our intake clearance checklist to include cited areas. It will be rolled out to staff for use during unit meetings this month. Also we have added the findings to our supervisor case review process. This form will be utilized by supervisors on monthly samples of cases.

COUNTY OF PLACER

STATUS OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FINANCIAL STATEMENT FINDINGS

	Recommendation	Current Status	County Explanation If Not Implemented
07-1	CONTRACTOR RETAINAGE PAYABLE We recommend the County establish and implement procedures to record retention payable for all construction projects as it is incurred, or at least at fiscal year-end. This includes requesting a statement from contractors at fiscal year-end of expenditures incurred so that any related construction cost retention payable may be recorded. In addition, we recommend that the Auditor-Controller's office review the existing closing and reconciliation processes with the County departments that frequently have construction activity.	Implemented.	
07-2	DEFERRED REVENUE The close and reconciliation process of the County represents a significant internal control which should not require or rely on the additional level of control supplied by an audit. In fact, auditing standards specifically state that the audit cannot be considered part of an organization's control process. We recommend that the County review its existing procedures for its year-end deferred revenue reconciliation process and add procedures where necessary to strengthen the control process. Further, we recommend that the Auditor-Controller's Office consider providing additional training to County departments on governmental entity revenue recognition requirements.	Implemented.	

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior year.