

County of Lassen

Susanville, California

Single Audit Reports

For the year ended June 30, 2010

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

County of Lassen
Single Audit Reports
For the year ended June 30, 2010
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Caporicci & Larson, Inc.
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Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

To the Board of Supervisors
of the County of Lassen
Susanville, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen (County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 audit procedures for the purpose of expressing our opinion 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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

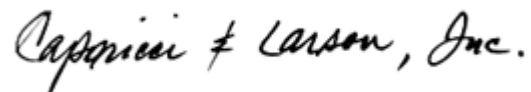
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We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

To the Board of Supervisors
of the County of Lassen
Susanville, California
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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 result 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 management, others within the County of Lassen, the 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.



Caporicci & Larson, Inc
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 24, 2011



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

To the Board of Supervisors
of the County of Lassen
Susanville, California

Compliance

We have audited the County of Lassen's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditors' 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 Audit 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.

As described in items 2010-03 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding eligibility that are applicable to its Temporary Assistance for Needy Family Program (TANF) and Supplemental Nutrition Assistance Program (SNAP). Compliance with such requirements is necessary, in our opinion, for County to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 item 2010-01.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-02 and 03 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-1 to be a significant deficiency.

To the Board of Supervisors
of the County of Lassen
Susanville, California
Page 2

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 remaining fund in formation of the County as of and for the year ended June 30, 2010, and have issued our report thereon dated March 24, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and the current year's information on the Supplementary Schedule of the California Emergency Management Agency Grant Expenditures prepared by the County are 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 financial statements taken as whole.

The County's response to the findings identified in our audit is 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 the response.

This report is intended solely for the information and use of management, others within the County of Lassen, the 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.

Caporicci & Larson, Inc
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 29, 2011, except for the Schedule of Expenditures of Federal Awards,
Which is as of March 24, 2011

County of Lassen
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

| Federal Grantor/Pass-Through Grantor Program Title | CFDA Number | Program and/or Pass-Through Number | Federal Expenditures |
|--|----------------|--|-------------------------|
| U.S. Department of Agriculture | | | |
| Passed through the State Department of Social Services: | | | |
| SNAP Cluster | | | |
| Supplemental Nutrition Assistance Program | 10.551 | 09/10-12E | \$ 4,828,816 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 09/10-12E | <u>282,496</u> |
| Total SNAP Cluster | | | <u>5,111,312</u> |
| Passed through the State Controller's Office: | | | |
| Schools and Roads Cluster | | | |
| Schools and Roads - Grants to States | 10.665 | - | 1,378,784 |
| Schools and Roads - Grants to Counties | 10.666 | - | <u>355,926</u> |
| Total Schools and Roads Cluster | | | <u>1,734,710</u> |
| Total U.S. Department of Agriculture | | | <u>6,846,022</u> |
| U.S. Department of the Interior: | | | |
| Direct Programs: | | | |
| Recreation Resource Management | 15.225 | - | 20,000 |
| Payments in Lieu of Taxes | 15.226 | - | 538,206 |
| Distribution of Receipts to State and Local Government | 15.227 | - | <u>7,323</u> |
| Total U.S. Department of the Interior | | | <u>565,529</u> |
| U.S. Department of Justice: | | | |
| Passed through California Emergency Management Agency: | | | |
| Crime Victim Assistance | 16.575 | VW08160180 | 46,073 |
| Edward Byrne Memorial Formula Grant Program | 16.579 | DC092600180 | 130,446 |
| ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories | 16.803 | Z0-09-01-0180 | <u>91,659</u> |
| Total U.S. Department of Justice | | | <u>268,178</u> |

County of Lassen
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

| Federal Grantor/Pass-Through Grantor Program Title | CFDA Number | Program and/or Pass-Through Number | Federal Expenditures |
|--|----------------|--|-------------------------|
| U.S. Department of Transportation: | | | |
| Direct Program | | | |
| Highway Planning and Construction | 20.205 | RSTPL-5907(013) | 6,797 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(014) | 20,711 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(031) | 7,022 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(032) | 6,830 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(040) | 985,843 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(033) | 7,333 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(044) | 439,697 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(003) | 410,934 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(010) | 1,430 |
| Highway Planning and Construction | 20.205 | RSTPL-5907(049) | 3,109 |
| ARRA-Highway Planning and Construction | 20.205 | RSTPL-5907(055) | 811,594 |
| Total U.S. Department of Transportation | | | 2,701,300 |
| U.S. Department of Health & Human Services: | | | |
| Passed through State Department of Social Services: | | | |
| Promoting Safe and Stable Families | 93.556 | - | 9,037 |
| Temporary Assistance for Needy Families | 93.558 | 09/10-12E | 1,508,228 |
| Child Welfare Services - State Grants | 93.645 | - | 66,838 |
| Foster Care - Title IV-E | 93.658 | - | 356,731 |
| Foster Care - Title IV-E Probation | 93.658 | - | 76,340 |
| Subtotal Foster Care-Title IV-E | | | 433,071 |
| Adoption Assistance | 93.659 | - | 1,105 |
| ARRA-Adoption Assistance | 93.659 | - | 27,823 |
| Subtotal Adoption Assistance | | | 28,928 |
| Social Services Block Grant | 93.667 | - | 35,407 |
| Chafee Foster Care Independence Program | 93.674 | - | 79,768 |
| Pass-through Department of Child Support Enforcement | | | |
| Child Support Enforcement | 93.563 | | 581,710 |
| Passed through the State Department of Health Care Services: | | | |
| Local Enforcement Assistance | 93.000 | DG-11050650-024 | 17,397 |
| Children's Health Insurance Program | 93.767 | - | 47,471 |
| Medical Assistance Program | 93.778 | 09/10-69 | 736,788 |
| ARRA-Medical Assistance Program | 93.778 | 09/10-69 | 64,485 |
| Subtotal Medical Assistance Program | | | 801,273 |

County of Lassen
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

| Federal Grantor/Pass-Through Grantor Program Title | CFDA Number | Program and/or Pass-Through Number | Federal Expenditures |
|---|----------------|--|-------------------------|
| U.S. Department of Health & Human Services, Continued: | | | |
| Passed through the State Department of Health Care Services: | | | |
| HIV Prevention Activities-Health Department Based | 93.940 | - | 1,529 |
| Emergency Preparedness - CDC PHER H1N1 Phase 1 Focus Area 1 | 93.069 | - | 64,541 |
| Emergency Preparedness - CDC PHER H1N1 Phase 1 Focus Area 2 | 93.069 | - | 13,592 |
| Emergency Preparedness - CDC PHER H1N1 Phase 2 | 93.069 | - | 23,619 |
| Emergency Preparedness - CDC PHER H1N1 Phase 2 | 93.069 | - | 59,509 |
| Emergency Preparedness | 93.069 | - | <u>108,492</u> |
| Subtotal Emergency Preparedness | | | 269,753 |
| National Bioterrorism Hospital Preparedness Program | 93.889 | - | 8,738 |
| National Bioterrorism Hospital Preparedness Program | 93.889 | - | <u>3,528</u> |
| Subtotal National Bioterrorism Hospital Preparedness Program | | | <u>12,266</u> |
| Passed through the State Department of Public Health: | | | |
| Immunization Grant | 93.268 | - | 23,977 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | - | 25,124 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | - | 6,223 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | CA152 | <u>63,114</u> |
| Subtotal Maternal and Child Health Services Block Grant to the States | | | <u>94,461</u> |
| Passed through the State Department of Mental Health: | | | |
| Block Grants for Community Mental Health Services | 93.958 | - | 99,632 |
| Passed through the State Department of Alcohol and Drug Abuse Programs: | | | |
| Block Grants for Prevention and Treatment of Substance Abuse (SAPT) | 93.959 | - | <u>422,640</u> |
| Total U.S. Department of Health & Human Services | | | <u>4,533,386</u> |
| Total Federal Awards Expenditures, Excluding Loans | | | <u>\$ 14,914,415</u> |
| <u>Beginning Federal Loan Balances with a Continuing Compliance Requirement</u> | | | |
| U.S. Department of Housing and Urban Development: | | | |
| Passed through the State Department of Housing and Community Development: | | | |
| Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | | <u>\$ 50,378</u> |
| Total Federal Loan Balances | | | <u>50,378</u> |
| Total Federal Awards Expenditures, Including Loans | | | <u>\$ 14,964,793</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards

County of Lassen
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

1. REPORTING ENTITY

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, which is the County of Lassen, California (County), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The Board of Supervisors acts as the governing body and is able to impose its will on the following organization by establishing financial accountability:

- Community Development Commission of the County of Lassen

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Funds received under the various grant programs have been recorded within various funds of the County. The County utilizes the modified accrual basis of accounting for these funds. The accompanying schedule of expenditures of federal awards (schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the presentation of County’s basic financial statements.

B. Schedule of Expenditures of Federal Awards

The accompanying schedule presents the activity of all federal financial assistance programs of the County. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other agencies is included in the schedule. The schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the County.

3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

| Federal CFDA | Program Title | Amount Provided to Subrecipients |
|--------------|---------------------------------------|-------------------------------------|
| 10.665 | Schools and Roads - Grant to Counties | \$ 1,378,784 |
| 10.666 | Schools and Roads - Grant to Counties | 355,926 |
| Total | | \$ 1,734,710 |

County of Lassen

Notes to Schedule of Expenditures of Federal Awards, Continued

For the year ended June 30, 2010

4. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County 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.

County of Lassen
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the basic financial statements of the County of Lassen (County).
2. No significant deficiency or material weaknesses in internal control over financial reporting were identified or reported.
3. No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.
4. Material weaknesses in internal control over compliance of the major federal award programs were identified and reported in Part C of this schedule below.
5. Significant deficiencies in internal control over compliance of the major federal awards programs were identified and reported in Part C of this schedule below.
6. The auditors' report on compliance for the major federal award programs for the County expressed a qualified opinion.
7. Audit findings required to be reported in accordance with section 510(a) Circular A-133 are reported in Part C of this schedule below.
8. The programs tested as major programs included:

| | <u>CFDA #</u> | <u>Expenditures</u> |
|---|---------------|----------------------|
| SNAP Cluster: | | |
| Supplemental Nutrition Assistance Program | 10.551 | \$ 4,828,816 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | <u>282,496</u> |
| Total SNAP Cluster | | <u>5,111,312</u> |
| Highway Planning and Construction | 20.205 | 2,701,300 |
| Temporary Assistance for Needy Families | 93.558 | 1,508,228 |
| Medical Assistance Program | 93.778 | <u>801,273</u> |
| Total Major Program Expenditures | | <u>\$ 10,122,113</u> |
| Total Federal Award Expenditures | | <u>\$ 14,914,415</u> |
| Percent of Total Federal Award Expenditures | | <u>67.87%</u> |

9. The threshold for distinguishing Types A and B programs was \$447,432.
10. The County was determined to be a high risk auditee under Section 530 of OMB Circular A-133.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statements findings were noted.

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

2010-01 Reporting

Program:

Temporary Assistance for Needy Families (TANF) Program (CFDA Number 93.558, U.S. Department of Health and Human Services, State Department of Social Services)

Supplemental Nutrition Assistance (SNAP) Program (CFDA Number 10.551, U.S. Department of Agriculture, State Department of Social Services)

Criteria:

The State of California has established requirements for TANF and SNAP to be submitted within a specific period of time after the period ends.

Condition:

TANF

Of the twenty-one TANF reports selected for audit, five reports were submitted past the deadline required by the State.

SNAP

Based on the testing performed, six out of the twelve reports tested were submitted past the deadline mandated by the State.

Questioned Costs:

No questioned costs were identified.

Context and Effect:

The County is required to submit its reports within the required time frame.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT, Continued

2010-01 Reporting, Continued

Recommendation:

We recommend that the County evaluate controls over submitting reports in a timely manner. Procedures should be in place for the County to review the reports and submit by the designated deadline.

Management Corrective Action Plan:

Of the reports cited above, the County disagrees with the number of late SNAP reports. Our records indicate only three were late and of those, the State was informed prior to the deadline and granted an extension for two of them. During the review period, the County was preparing for, training on, and converting to C-IV, the new automated welfare system on which the County went live June 1, 2010. With the exception of one late TANF report, reports were submitted late during the review period because staff were away from the office attending training or they were required to reconcile and compare prior months' data in the old ISAWS system to data in C-IV to ensure that the reports submitted were correct. The reconciliation process took a significant amount of time normally not required when working with data from a single system. The County has controls in place to monitor report submission timeliness and now that our transition to the new system is nearing completion, a recurrence of this issue is not anticipated.

The Director of Lassen Works and Community Social Services at (530) 251-8336 is the contact person.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT, Continued

2010-02 Eligibility

Program:

Temporary Assistance for Needy Families (TANF) Program (CFDA Number 93.558, U.S. Department of Health and Human Services, State Department of Social Services)

Supplemental Nutrition Assistance (SNAP) Program (CFDA Number 10.551, U.S. Department of Agriculture, State Department of Social Services)

Criteria:

TANF

45 CFR § 260-265 sets forth various eligibility requirements for families receiving assistance payments under the Temporary Assistance for Needy Families (TANF) program. These requirements are also discussed in the TANF state plan. To document compliance with these complex eligibility procedures, counties are required, under the California Department of Social Services Manual of Policies and Procedures § 48-001.01, et seq., to maintain a file for each applicant and recipient of aid under the program.

SNAP

7 CFR §272 establishes the criteria for eligibility requirements for households to receive assistance coupons under the Supplemental Nutrition Assistance (SNAP) program. The requirements are also established in the State of California-CalFresh Regulations which documents the complex requirements under Regulations 63.201 to maintain documentation to determine the eligibility of the recipient.

Condition:

During our performance of test work, we noted the following:

TANF

Of the forty TANF cases selected for audit, we identified one missing case file and one incomplete case file.

SNAP

Of the twenty-five SNAP cases selected for the audit, we identified one missing case file and eight incomplete case file.

Questioned Costs:

No questioned costs were identified.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT, Continued

2010-02 Eligibility, Continued

Context and Effect:

Eligibility staff making decisions without case file would be acting on incomplete or inaccurate information, which could lead to erroneous eligibility decisions. Without the appropriate documentation on file, even correct eligibility decisions become difficult for the County to substantiate.

Recommendation:

We recommend that the County review this instance of missing case file, determine what may have led to their disappearance, and implement any necessary procedures to ensure documents are well organized and safeguarded.

Management Corrective Action Plan:

June 1, 2010, the County converted from ISAWS, the old Interim Statewide Automated Welfare System, to C-IV, the new automated welfare system. Though conversion was automated, several months of case review and data validation were required following conversion. Shortly after conversion, the County began to convert all paper documents supporting eligibility to a paperless system, requiring the imaging and indexing of tens of thousands of pieces of paper in addition to the ongoing conversion data validation and routine work of the department. During the transition from the old system to a paperless system, case files and documents are necessarily spread out between mediums—paper files, the old archival imaging system, the C-IV imaging system—and across the process—documents and cases pending review, documents waiting to be scanned into the appropriate imaging system, images awaiting quality review and indexing, etc. The department established controls and monitoring systems, but with the volume and complexity of the project, some documents and case files were stored incorrectly and could not be located at the time of the audit. Once the transition to paperless is complete, the department will be able to quickly locate and retrieve all case information and supporting documents. In addition, the department will implement new case quality control review policy and procedures before the end of this fiscal year that will include random and targeted review and inventory of imaged and indexed documents.

The Director of Lassen Works and Community Social Services at (530) 251-8336 is the contact person.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

D. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT, Continued

2010-03 Eligibility

Program:

Temporary Assistance for Needy Families (TANF) Program (CFDA Number 93.558, U.S. Department of Health and Human Services, State Department of Social Services)

Supplemental Nutrition Assistance (SNAP) Program (CFDA Number 10.551, U.S. Department of Agriculture, State Department of Social Services)

Criteria:

TANF

45 CFR § 260-265 sets forth various eligibility requirements for families receiving assistance payments under the Temporary Assistance for Needy Families (TANF) program. Based on the criteria set forth, these individuals were deemed ineligible for the entire or partial benefit received.

SNAP

7 CFR §273 sets the eligibility requirements for households for receiving benefits under the Supplemental Nutrition Assistance Program (SNAP). The CalFresh Regulations state that under 63-400, recipients who are defined eligible under these regulations are entitled to the benefits.

Condition:

TANF

Of the forty TANF cases selected for audit, four cases were receiving benefits that they were not entitled to based on their resource assessment.

SNAP

Based on the twenty-five cases tested, one case received an overpayment. The recipient was not entitled to the benefits received.

Questioned Costs:

Undeterminable.

Context and Effect:

Eligibility is determined based on participant's resource assessment. Without proper resource assessment, it could lead to erroneous eligibility decisions.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT, Continued

2010-03 Eligibility

Recommendation:

We recommend that the County review the recipient's eligibility prior to issuing the benefits received. The County should obtain the proper documentation for determination of eligibility. The County should implement internal controls over the refund process for overpayments.

Management Corrective Action Plan:

The County agrees that the cases cited above were ineligible; however, the reasons for ineligibility were varied and were not based on their resource assessment. The County was aware that during the months leading up to and following conversion to C-IV, the additional workload requirements placed on staff were causing an increase in case errors. The County is now in the process of reviewing, identifying, and correcting those errors. Conversion to C-IV has afforded the County a much more sophisticated system of managing resultant overpayments and underpayments. In addition, before the end of the fiscal year the County will implement new case quality control review policy and procedures that will include random and targeted review of specified numbers of cases per worker per month.

The Director of Lassen Works and Community Social Services at (530) 251-8336 is the contact person.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

**D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT**

2009-1 Eligibility

Program: Temporary Assistance for Needy Families (TANF) Program (CFDA Number 93.558, U.S. Department of Health and Human Services, State Department of Social Services)

Condition: Of the twenty-nine TANF cases selected for audit, the County was unable to provide the case file for one of the cases.

Criteria: 45 CFR § 260-265 sets forth various eligibility requirements for families receiving assistance payments under the Temporary Assistance for Needy Families (TANF) program. These requirements are also discussed in the TANF state plan. To document compliance with these complex eligibility procedures, counties are required, under the California Department of Social Services Manual of Policies and Procedures § 48-001.01, et seq., to maintain a file for each applicant and recipient of aid under the program.

Questioned Costs: No questioned costs were identified.

Context and Effect: We do not believe any further information would assist in providing proper perspective. Eligibility staff making decisions without a paper case file would be acting on incomplete or perhaps inaccurate information, which could lead to erroneous eligibility decisions. Without the appropriate documentation on file, even correct eligibility decisions become difficult for the County to substantiate.

Recommendation: We recommend that the County review this instance of a missing case file, determine what may have led to its disappearance, and implement any necessary procedures to ensure documents are well organized and safeguarded. Such procedures may include using sign-out cards to be used by anyone removing a paper file from the file room and to immediately initiate an investigation when someone notices a file is missing.

Management Corrective
Action Plan:
(Prior Year)

The County has had a sign-out card procedure for some time. The requirement to use this procedure was reiterated with staff at a staff meeting January 15, 2010. In addition, a new procedure was implemented requiring staff to note the destination of the paper file in case comments before passing it on to the next phase following the 30-day hold interim, i.e. "to be scanned," "reapplied," etc. As C-IV and its imaging solution is implemented and the current imaging process is phased out, the County intends to move toward a total electronic file.

The Director of Lassen Works and Community Social Services at 530.251.8336 is the contact person.

County of Lassen
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

**D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT, Continued**

Status: In June 2010, Lassen Works and Community Social Services Department implemented a new system (C-IV) which all case files are electronically accessible. However, the same exception was noted in FY09/10 audit. See current year finding 2010-02, 03, and 04.

Management Corrective
Action Plan:
(Current Year)

June 1, 2010, the County converted from ISAWS, the old Interim Statewide Automated Welfare System, to C-IV, the new automated welfare system. Prior to conversion, eligibility information supporting cases was stored electronically in ISAWS and in the County's imaging solution, and in paper case files. The County is aware that during the conversion process some of the old paper cases and their supporting documents were inadvertently stored incorrectly and are now difficult to find. Now that the County has gone to a paperless system requiring the imaging and indexing of all documents supporting eligibility prior to authorizing action, there should be no more lost case files or missing documents. In addition, the County will implement new case quality control review policy and procedures before the end of this fiscal year that will include random and targeted review of imaged and indexed documents.

The Director of Lassen Works and Community Social Services at 530.251.8336 is the contact person.

**SUPPLEMENTARY SCHEDULE OF THE
CALIFORNIA EMERGENCY MANAGEMENT AGENCY
GRANTS EXPENDITURES**

County of Lassen
Schedule of the California Emergency Management Agency Grant Expenditures
For the year ended June 30, 2010

| Program | Expenditures Claimed | | Share of Expenditures | | |
|---|------------------------|------------------------|-----------------------|------------------|-----------------|
| | For the Year | For the Year | Current Year | | |
| | Ended June 30, 2009 | Ended June 30, 2010 | Federal Share | State Share | County Share |
| VW08160180 - Victim Witness Assistance Program | | | | | |
| Personal services | \$ 77,056 | \$ 87,870 | \$ 46,073 | \$ 41,797 | \$ - |
| Operating expenses | 17,324 | 13,704 | - | 13,704 | - |
| Total | \$ 94,380 | \$ 101,574 | \$ 46,073 | \$ 55,501 | \$ - |
| VB08060180 - Statutory Rape Vertical Prosecution | | | | | |
| Personal services | \$ 63,530 | \$ 82,903 | \$ - | \$ 82,903 | \$ - |
| Operating expenses | 1,645 | 3,006 | - | 3,006 | - |
| Total | \$ 65,175 | \$ 85,909 | \$ - | \$ 85,909 | \$ - |
| DC08190180 - Edward Byrne Memorial Grant | | | | | |
| Personal services | \$ 32,848 | \$ 50,000 | \$ 50,000 | \$ - | \$ - |
| Operating expenses | 77,949 | 80,446 | 80,446 | - | - |
| Total | \$ 110,797 | \$ 130,446 | \$ 130,446 | \$ - | \$ - |