

COUNTY OF SAN MATEO

Single Audit Reports

For the Year Ended June 30, 2008

COUNTY OF SAN MATEO
Single Audit Reports
For the Year Ended June 30, 2008

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MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

2175 N. California Boulevard, Suite 645
Walnut Creek, CA 94596
925.274.0190

515 S. Figueroa Street, Suite 325
Los Angeles, CA 90071
213.286.6400

402 West Broadway, Suite 400
San Diego, CA 92101
619.573.1112

To the Grand Jury and Board of Supervisors of
the County of San Mateo
Redwood City, California

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (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 dated November 25, 2008. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority) and the San Mateo County Employees' Retirement Association (SamCERA). The Housing Authority, a major fund, represents 18 percent, 25 percent, and 29 percent of the assets, net assets and revenues, respectively, of the business-type activities. SamCERA represents 44 percent and 46 percent of assets and net assets, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Housing Authority and SamCERA, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

Our audit was conducted 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 (Schedule) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule does not include expenditures of federal awards received by the Housing Authority. The Housing Authority's expenditures are separately audited in accordance with OMB Circular A-133. The Schedule 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.

Macias Gini & Connell LLP
Certified Public Accountants

Walnut Creek, California
November 25, 2008

COUNTY OF SAN MATEO
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Entity Number
U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY				
Direct Program:				
High Intensity Drug Trafficking Area	07.unknown	\$ 3,055,820	\$ -	n/a
Pass-Through Program, State of Florida, Monroe County Sheriff's Office:				
High Intensity Drug Trafficking Area	07.A-102-0208-51210	9,652	-	A-102-0208-51210
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY		3,065,472	-	
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Programs, State of California, Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	328,999	-	07-0102
Plant and Animal Disease, Pest Control, and Animal Care	10.025	207,198	-	07-0648
Plant and Animal Disease, Pest Control, and Animal Care	10.025	64,994	-	07-0420
Plant and Animal Disease, Pest Control, and Animal Care	10.025	37,987	-	07-0828
Plant and Animal Disease, Pest Control, and Animal Care	10.025	53,293	-	07-0922
Pass-Through Programs, State of California, Department of Social Services:				
Food Stamp Cluster:				
Food Stamps	10.551	12,050,297	-	06-117-01
State Administrative Matching Grants for Food Stamp Program	10.561	4,668,766	-	n/a
State Administrative Matching Grants for Food Stamp Program	10.561	182,710	-	06-55115
Subtotal of Food Stamps Cluster		16,901,773	-	
Pass-Through Programs, State of California, Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	124,963	-	41-10413-6045223-01-1154
National School Lunch Program	10.555	194,292	-	41-10413-6045223-01-1154
Subtotal of Child Nutrition Cluster		319,255	-	
Pass-Through Program, State of California, Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	10.557	2,355,114	-	05-45794
Subtotal Pass-Through Programs		20,268,613	-	
TOTAL U.S. DEPARTMENT OF AGRICULTURE		20,268,613	-	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	4,339,182	1,863,982	n/a
Emergency Shelter Grants Program	14.231	170,093	163,836	n/a
HOME Investment Partnerships Program	14.239	18,335,257	1,786,791	n/a
Subtotal of Direct Programs		22,844,532	3,814,609	
Pass-Through Program, City & County of San Francisco:				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	670,000	485,172	n/a
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		23,514,532	4,299,781	
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Edward Byrne Memorial State and Local Law Enforcement Assistance				
Discretionary Grants Program	16.580	46,450	-	n/a
Drug Court Discretionary Grant Program	16.585	85,241	85,241	n/a
State Criminal Alien Assistance Program	16.606	1,473,319	-	n/a
Public Safety Partnership and Community Policing Grants	16.710	90,700	-	n/a
Forensic DNA Capacity Enhancement Program	16.741	143,194	-	n/a
Drug Enforcement Administrative Grant	16.unknown	12,112	-	n/a
Southwest Border Prosecution Initiative	16.unknown	664,637	-	n/a
Subtotal of Direct Programs		2,515,653	85,241	
Pass-Through Programs, State of California, Corrections Standards Authority:				
Juvenile Accountability Block Grants	16.523	42,036	42,036	CSA 169-06
Pass-Through Programs, State of California, Office of Juvenile				
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	114,874	107,100	JLFX0064

See notes to the schedule of expenditures of federal awards

COUNTY OF SAN MATEO
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance		Amount	Pass-Through Entity Number
	Number (CFDA)	Federal Expenditures	Provided to Subrecipients	
U.S. DEPARTMENT OF JUSTICE (Continued)				
Pass-Through Programs, State of California, Governor's Office of Emergency Services:				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	11,069	-	CQ05040410
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	5,829	-	CQ07050410
Crime Victim Assistance	16.575	170,755	-	VW07260410
Crime Victim Assistance	16.575	110,000	-	SE07170410
Edward Byrne Memorial Formula Grant Program	16.579	246,497	-	DC07180410
Edward Bryne Memorial Justice Assistance Grant Program	16.738	73,146	-	DJBX0111
Edward Bryne Memorial Justice Assistance Grant Program	16.738	60,198	-	DJBX0105
Anti-Gang Initiative	16.744	110,185	-	AG0701410
Subtotal of Pass-Through Programs		<u>944,589</u>	<u>149,136</u>	
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>3,460,242</u>	<u>234,377</u>	
U.S. DEPARTMENT OF LABOR				
Pass-Through Program, State of California, Department of Aging:				
Senior Community Service Employment Program	17.235	133,067	133,067	TV-0506-08
Pass-Through Programs, State of California, Employment Development Department:				
Workforce Investment Act Cluster:				
Workforce Investment Act (WIA) Adult Program	17.258	125,940	125,940	R760352
Workforce Investment Act (WIA) Adult Program	17.258	795,605	137,902	R865488
Workforce Investment Act (WIA) Youth Activities	17.259	493,073	397,375	R865488
Workforce Investment Act (WIA) Youth Activities	17.259	397,375	397,375	R760352
Workforce Investment Act (WIA) Dislocated Workers	17.260	1,913,585	183,429	R865488
Workforce Investment Act (WIA) Dislocated Workers	17.260	511,302	208,382	R760352
Workforce Investment Act (WIA) Dislocated Workers	17.260	2,046	-	R692504
Subtotal of Workforce Investment Act Cluster		<u>4,238,926</u>	<u>1,450,403</u>	
Subtotal of Pass-Through Programs		<u>4,371,993</u>	<u>1,583,470</u>	
TOTAL U.S. DEPARTMENT OF LABOR		<u>4,371,993</u>	<u>1,583,470</u>	
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Program:				
Airport Improvement Program	20.106	<u>1,244,093</u>	-	n/a
Pass-Through Program, State of California, Department of Transportation:				
Highway Planning and Construction	20.205	3,494	-	CML 5935(049)
Highway Planning and Construction	20.205	11,144	-	CML 5935(039)
Highway Planning and Construction	20.205	2,152	-	CML 5935(048)
Pass-Through Program, Metropolitan Transportation Commission:				
Job Access_Reverse Commute	20.516	<u>56,897</u>	<u>56,897</u>	R068734
Pass-Through Program, City of Daly City:				
State and Community Highway Safety	20.600	<u>14,564</u>	-	AL0406
Subtotal of Pass-Through Programs		<u>88,251</u>	<u>56,897</u>	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>1,332,344</u>	<u>56,897</u>	
U.S. DEPARTMENT OF GENERAL SERVICES ADMINISTRATION				
Pass-Through Program, State of California, Secretary of State:				
Election Reform Payments	39.011	<u>26,300</u>	-	07G30129
TOTAL U.S. DEPARTMENT OF GENERAL SERVICES ADMINISTRATION		<u>26,300</u>	-	
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Program, State of California, Department of Public Health:				
Beach Monitoring and Notification Program Implementation Grants	66.472	<u>25,000</u>	-	07-65565
Subtotal of Pass-Through Programs		<u>25,000</u>	-	
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>25,000</u>	-	
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Program, San Mateo County Office of Education:				
Special Education_Grants to States	84.027	<u>1,979,619</u>	-	04-14468-1041-01
Pass-Through Program, State of California, Alcohol and Drug Programs:				
Safe and Drug-Free Schools and Communities_State Grants	84.186	<u>126,871</u>	<u>47,075</u>	03-05
Subtotal of Pass-Through Programs		<u>2,106,490</u>	<u>47,075</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>2,106,490</u>	<u>47,075</u>	

See notes to the schedule of expenditures of federal awards

COUNTY OF SAN MATEO
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Entity Number
U.S. ELECTION ASSISTANCE COMMISSION				
Pass-Through Program, State of California, Secretary of State: Help America Vote Act Requirements Payments	90.401	317,520	-	07G30129
TOTAL U.S. ELECTION ASSISTANCE COMMISSION		<u>317,520</u>	<u>-</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	1,364,718	-	n/a
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1,741,062	1,192,256	n/a
Adolescent Family Life_Demonstration Projects	93.995	<u>356,066</u>	<u>-</u>	n/a
Subtotal of Direct Programs		<u>3,461,846</u>	<u>1,192,256</u>	
Pass-Through Programs, State of California, Department of Aging:				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	13,938	-	AP-0708-08
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	40,575	40,575	AP-0708-08
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	41,741	41,741	AP-0708-08
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	760,900	590,724	AP-0708-08
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	1,077,176	950,555	AP-0708-08
Nutrition Services Incentive Program	93.053	<u>154,771</u>	<u>154,771</u>	AP-0708-08
Subtotal of Special Programs for the Aging Cluster		<u>1,992,847</u>	<u>1,696,050</u>	
National Family Caregiver Support, Title III, Part E	93.052	259,245	186,952	AP-0708-08
U.S. Repatriation Program	93.579	1,126	-	n/a
Medical Assistance Program (Medicaid; Title XIX)	93.778	400,227	-	MS-0708-13
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	57,210	51,447	HI-0708-08
Pass-Through Programs, State of California, Department of Health Care Services:				
State Children's Insurance Program	93.767	410,582	-	n/a
Medical Assistance Program (Medicaid; Title XIX)	93.778	1,736,285	-	n/a
Medical Assistance Program (Medicaid; Title XIX)	93.778	77,947	-	05-45167
Disabilities Prevention	93.184	674,028	-	n/a
Immunization Grants	93.268	405,887	-	07-65247
Immunization Grants	93.268	42,750	-	07-65295
Pass-Through Programs, State of California, Department of Public Health:				
Acquired Immunodeficiency Syndrome (AIDS) Activity Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.118	1,581,000	179,813	07-65080
Social Services Block Grant	93.283	1,044,355	-	n/a
National Bioterrorism Hospital Preparedness Program	93.667	1,136,693	-	n/a
National Bioterrorism Hospital Preparedness Program	93.889	379,047	-	n/a
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	40,000	-	04-35754
Maternal and Child Health Services Block Grant to the States	93.994	1,117,214	-	200741
Pass-Through Programs, State of California, Department of Mental Health:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	131,903	131,903	n/a
Block Grants for Community Mental Health Services	93.958	856,762	147,005	n/a
Pass-Through Programs, State of California, Department of Social Services:				
Promoting Safe and Stable Families	93.556	234,134	-	n/a
Temporary Assistance for Needy Families	93.558	31,918,580	-	n/a
Refugee and Entrant Assistance - State Administered Programs	93.566	25,147	-	n/a
Child Welfare Services_State Grants	93.645	346,577	-	n/a
Foster Care_Title IV-E	93.658	13,493,522	-	n/a
Foster Care_Title IV-E	93.658	1,138,384	-	2024.00.01
Adoption Assistance	93.659	2,682,340	-	n/a
Chafee Foster Care Independence Program	93.674	181,915	-	n/a
Medical Assistance Program (Medicaid; Title XIX)	93.778	3,971,383	-	San Mateo DOA 62
Pass-Through Program, State of California, Department of Child Support Services:				
Child Support Enforcement	93.563	7,491,032	-	n/a

See notes to the schedule of expenditures of federal awards

COUNTY OF SAN MATEO
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Entity Number
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Pass-Through Programs, State of California, Department of Education:				
Child Care and Development Block Grants	93.575	719,593	719,593	C2AP-7059
Child Care and Development Block Grants	93.575	207,490	-	CAPP-7066
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	253,746	-	CAPP-7066
Subtotal of Child Care and Development Fund Cluster		<u>1,180,829</u>	<u>719,593</u>	
Pass-Through Programs, State of California, Secretary of State:				
Voting Access for Individuals with Disabilities-Grants to States	93.617	<u>7,631</u>	-	n/a
Pass-Through Programs, State of California, Alcohol and Drug Programs:				
Medical Assistance Program (Medicaid; Title XIX)	93.778	360,757	83,649	07B1CASAPT-02
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4,585,673	4,002,557	07B1CASAPT-02
Pass-Through Program, City and County of San Francisco:				
HIV Emergency Relief Project Grants	93.914	949,605	25,000	DPHC08000816
HIV Emergency Relief Project Grants	93.914	402,457	-	n/a
Subtotal of HIV Emergency Relief Program Grants		<u>1,352,062</u>	<u>25,000</u>	
Subtotal of Pass-Through Programs		<u>81,411,328</u>	<u>7,306,285</u>	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>84,873,174</u>	<u>8,498,541</u>	
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-Through Programs, City and County of San Francisco:				
Urban Areas Security Initiative grants	97.008	539,377	-	2005 UASI
Urban Areas Security Initiative grants	97.008	342,836	-	2006 UASI
Pass-Through Programs, State of California, Governor's Office of Emergency Services:				
Homeland Security Grant Program	97.067	1,433,463	-	2006-0071
Homeland Security Grant Program	97.067	793,574	-	2007-0008
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	22,536	-	RM311
Subtotal of Pass-Through Programs		<u>3,131,786</u>	-	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>3,131,786</u>	-	
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 146,493,466</u>	<u>\$ 14,720,141</u>	

See notes to the schedule of expenditures of federal awards

COUNTY OF SAN MATEO
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

1. GENERAL

The schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the County of San Mateo, California (County). All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on this schedule except for assistance related to Medical Assistance (Medi-Cal) and Medicare Hospital Insurance (Medicare) (Note 5) and the Housing Authority of the County of San Mateo (Housing Authority) (Note 7).

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds as described in Note 2(b) of the County's basic financial statements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements has been included in total federal expenditures for the HOME Investment Partnerships program (Note 8).

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the related federal financial assistance reports.

4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the County's basic financial statements.

5. MEDI-CAL AND MEDICARE

Direct Medi-Cal and Medicare expenditures are excluded from the Schedule. These expenditures represent fees for services and are not included in the Schedule or in determining major programs. The County assists the State of California in determining eligibility and provides Medi-Cal and Medicare services through County-owned facilities. Administrative costs related to Medi-Cal and Medicare are, however, included in the Schedule under the Medical Assistance Program (CFDA number 93.778).

6. FOOD STAMP BENEFITS

The County issued food stamp benefits valued at \$12,050,297 during the year ended June 30, 2008. This amount is for information only as receipts and issuances of food stamp benefits are not recorded in the County's financial records.

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

7. HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO

Housing Authority expenditures are excluded from the Schedule because the Housing Authority is separately audited. The federal expenditures of the Housing Authority for the year ended June 30, 2008 are as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Public and Indian Housing	14.850	\$ 319,157
Capital Fund Program	14.872	240,019
Section 8 Programs:		
Moderate Rehabilitation	14.856	1,163,868
Housing Choice Voucher	14.871	52,866,624
Shelter Plus Care	14.238	1,942,594
Moving to Work	14.871	4,882,547
Supportive Housing	14.235	555,708
Total		<u>\$ 61,970,517</u>

8. LOANS OUTSTANDING

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs maintain servicing and trust arrangements with the County to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest. The federal government has imposed certain significant continuing compliance requirements with respect to the loans rendered under the HOME Investment Partnerships (HOME) Program (CFDA number 14.239). In accordance with Subpart B, Section 205 of the U.S. Office of Management and Budget Circular A-133, the County has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2008 along with the value of total outstanding and new loans made during the current year.

During the year ended June 30, 2008, the County incurred \$11,272 in expenditures related to new loans under the HOME program. As of June 30, 2008, the total amount of HOME loans outstanding subject to continuing compliance requirements was \$16,197,672, which is included in the Schedule.

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

9. CALIFORNIA DEPARTMENT OF AGING (CDA) SINGLE AUDIT REPORTING REQUIREMENTS

The terms and conditions of agency contracts with CDA require agencies to display state-funded expenditures discretely along with the related federal expenditures. For state grants not involving federal funding, the amounts are to be displayed separately. The following schedule is presented to comply with these requirements.

Federal Grantor Pass-through Grantor Program Title	CFDA No.	Grant/ Contract Number	Expenditures	
			State	Federal
U.S. Department of Labor <i>Passed through CA Department of Aging</i> Senior Community Service Employment Program	17.235	TV-0506-08	\$ 56,570	\$ 133,067
U.S. Department of Health & Human Services <i>Passed through CA Department of Aging</i>				
Special Programs for Aging-Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, & Exploitation	93.041	AP-0708-08	462	13,938
Special Programs for Aging-Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	AP-0708-08	106,396	40,575
Special Programs for Aging-Title III, Part D Disease Prevention and Health Promotion Services	93.043	AP-0708-08	8,007	41,741
Special Programs for Aging-Title III, Part B Grants for Supportive Services and Senior Centers	93.044	AP-0708-08	24,749	760,900
Special Programs for Aging-Title III, Part C Nutrition Services	93.045	AP-0708-08	213,841	1,077,176
National Family Caregiver Support, Title III, Part E	93.052	AP-0708-08	-	259,245
Nutrition Services Incentive Program	93.053	AP-0708-08	-	154,771
U.S. Repatriation	93.579	n/a	-	1,126
Medical Assistance Program (Medicaid; Title XIX)	93.778	MS-0708-13	-	400,227
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	HI-0708-08	181,585	57,210
Total Expenditures of CDA and Federal Awards			<u>591,610</u>	<u>\$ 2,939,976</u>
State Awards - California Department of Aging:				
CBSP - Administration		AP-0708-08	11,849	
CBSP - Linkages		AP-0708-08	249,566	
CBSP - Respite Purchase of Service		AP-0708-08	15,842	
CBSP - Brown Bag Program		AP-0708-08	23,425	
CBSP - ADCRC		AP-0708-08	75,884	
Ombudsman Volunteer Recruitment Initiative		AP-0708-08	<u>27,468</u>	
Total Expenditures of CDA Awards			<u>\$ 995,644</u>	

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

10. PROGRAM TOTALS

The Schedule does not summarize all programs that receive funding from various funding sources or grants. The following table summarizes these programs by CFDA numbers.

	CFDA number / Program Title / Federal Grantor or Pass-Through Grantor	Pass Through Entity Number	Federal Expenditures
(a)	CFDA No. 10.025 - Plant and Animal Disease, Pest Control, and Animal Care		
	State of California, Department of Food and Agriculture	07-0102	\$ 328,999
	State of California, Department of Food and Agriculture	07-0648	207,198
	State of California, Department of Food and Agriculture	07-0420	64,994
	State of California, Department of Food and Agriculture	07-0828	37,987
	State of California, Department of Food and Agriculture	07-0922	53,293
	Program Total		<u>\$ 692,471</u>
(b)	CFDA No. 10.561 - State Administrative Matching Grants for Food Stamp Program		
	State of California, Department of Social Services	n/a	\$ 4,668,766
	State of California, Department of Social Services	06-55115	182,710
	Program Total		<u>\$ 4,851,476</u>
(c)	CFDA No. 16.560 - National Institute of Justice Research, Evaluation, and Development Project Grants		
	State of California, Governor's Office of Emergency Services	CQ05040410	\$ 11,069
	State of California, Governor's Office of Emergency Services	CQ07050410	5,829
	Program Total		<u>\$ 16,898</u>
(d)	CFDA No. 16.575 - Crime Victim Assistance		
	State of California, Governor's Office of Emergency Services	VW07260410	\$ 170,755
	State of California, Governor's Office of Emergency Services	SE07170410	110,000
	Program Total		<u>\$ 280,755</u>
(e)	CFDA No. 16.738 - Edward Byrne Memorial Justice Assistance Grant Program		
	State of California, Governor's Office of Emergency Services	DJBX0111	\$ 73,146
	State of California, Governor's Office of Emergency Services	DJBX0105	60,198
	Program Total		<u>\$ 133,344</u>
(f)	CFDA No. 17.258 - Workforce Investment Act (WIA) Adult Program		
	State of California, Employment Development Department	R760352	\$ 125,940
	State of California, Employment Development Department	R865488	795,605
	Program Total		<u>\$ 921,545</u>
(g)	CFDA No. 17.259 - Workforce Investment Act (WIA) Youth Activities		
	State of California, Employment Development Department	R865488	\$ 493,073
	State of California, Employment Development Department	R760352	397,375
	Program Total		<u>\$ 890,448</u>
(h)	CFDA No. 17.260 - Workforce Investment Act (WIA) Dislocated Workers		
	State of California, Employment Development Department	R865488	\$ 1,913,585
	State of California, Employment Development Department	R760352	511,302
	State of California, Employment Development Department	R692504	2,046
	Program Total		<u>\$ 2,426,933</u>

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

10. PROGRAM TOTALS (Continued)

CFDA number / Program Title / Federal Grantor or Pass-Through Grantor	Pass Through Entity Number	Federal Expenditures
(i) CFDA No. 20.205 - Highway Planning and Construction		
State of California, Department of Transportation	CML 5935(049)	\$ 3,494
State of California, Department of Transportation	CML 5935(039)	11,144
State of California, Department of Transportation	CML 5935(048)	2,152
	Program Total	<u>\$ 16,790</u>
(j) CFDA No. 93.268 - Immunization Grants		
State of California, Department of Health Services	07-65247	\$ 405,887
State of California, Department of Health Services	07-65295	42,750
	Program Total	<u>\$ 448,637</u>
(k) CFDA No. 93.575 - Child Care and Development Block Grants		
State of California, Department of Education	C2AP-7059	\$ 719,593
State of California, Department of Education	CAPP-7066	207,490
	Program Total	<u>\$ 927,083</u>
(l) CFDA No. 93.658 - Foster Care Title IV-E		
State of California, Department of Social Services	n/a	\$13,493,522
State of California, Department of Social Services	2024.00.01	1,138,384
	Program Total	<u>\$14,631,906</u>
(m) CFDA No. 93.778 - Medical Assistance Program (Medicaid: Title XIX)		
State of California, Department of Health Care Services	n/a	\$ 1,736,285
State of California, Department of Health Care Services	05-45167	77,947
State of California, Department of Social Services	San Mateo DOA 62	3,971,384
State of California, Alcohol and Drug Programs	07B1CASAPT-02	360,757
State of California, Department of Aging	MS-0708-13	400,227
	Program Total	<u>\$ 6,546,600</u>
(n) CFDA No. 93.914 - HIV Emergency Relief Project Grants		
City and County of San Francisco	DPHC08000816	\$ 949,605
City and County of San Francisco	n/a	402,457
	Program Total	<u>\$ 1,352,062</u>
(o) CFDA No. 97.008/97.067 - Homeland Security Cluster		
City and County of San Francisco	2005 UASI	\$ 539,377
City and County of San Francisco	2006 UASI	342,836
State of California, Governor's Office of Emergency Services	2006-0071	1,433,463
State of California, Governor's Office of Emergency Services	2007-0008	793,574
	Cluster Total	<u>\$ 3,109,250</u>

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

11. SCHEDULES OF OFFICE OF EMERGENCY SERVICES GRANT EXPENDITURES

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California Governor's Office of Emergency Service (OES), as well as OES funded grant expenditures for the year ended June 30, 2008. This information is included in the County's single audit report at the request of OES.

Program Title and Expenditure Category	Grant Number Grant Period	Budget	Cumulative through		Actual 7/1/07-6/30/08		Cumulative through June 30, 2008	Variance
			June 30, 2007		Non-match	Match		
2006 Coverdell Training Program	CQ 05040410							
Personnel Services	7/1/07-10/31/07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses		11,069	-	11,069	-	11,069	-	-
Equipment		-	-	-	-	-	-	-
Total		<u>\$ 11,069</u>	<u>\$ -</u>	<u>\$ 11,069</u> ¹	<u>\$ -</u>	<u>\$ 11,069</u>	<u>\$ -</u>	<u>\$ -</u>
2007 Coverdell Training Program	CQ 07050410							
Personnel Services	1/1/08-12/31/08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses		24,859	-	5,829	-	5,829	19,030	-
Equipment		-	-	-	-	-	-	-
Total		<u>\$ 24,859</u>	<u>\$ -</u>	<u>\$ 5,829</u> ¹	<u>\$ -</u>	<u>\$ 5,829</u>	<u>\$ 19,030</u>	<u>\$ -</u>
Victim/Witness Assistance Program	VW07260410							
Personnel Services	7/1/07-6/30/08	\$ 376,302	\$ -	\$ 170,755	\$ 205,547	\$ 376,302	\$ -	\$ -
Operating Expenses		-	-	-	-	-	-	-
Equipment		-	-	-	-	-	-	-
Total		<u>\$ 376,302</u>	<u>\$ -</u>	<u>\$ 170,755</u> ²	<u>\$ 205,547</u>	<u>\$ 376,302</u>	<u>\$ -</u>	<u>\$ -</u>
Special Emphasis Victim Witness Program	SE07170410							
Personnel Services	7/1/07-6/30/08	\$ 137,500	\$ -	\$ 110,000	\$ 21,222	\$ 131,222	\$ 6,278	\$ -
Operating Expenses		-	-	-	-	-	-	-
Equipment		-	-	-	-	-	-	-
Total		<u>\$ 137,500</u>	<u>\$ -</u>	<u>\$ 110,000</u> ²	<u>\$ 21,222</u>	<u>\$ 131,222</u>	<u>\$ 6,278</u>	<u>\$ -</u>
San Mateo County Narcotics Task Force	DC 07180410							
Personnel Services	7/1/07-6/30/08	\$ 147,389	\$ -	\$ 147,389	\$ -	\$ 147,389	\$ -	\$ -
Operating Expenses		55,409	-	55,409	-	55,409	-	-
Equipment		87,856	-	43,699	-	43,699	44,157	-
Total		<u>\$ 290,654</u>	<u>\$ -</u>	<u>\$ 246,497</u> ³	<u>\$ -</u>	<u>\$ 246,497</u>	<u>\$ 44,157</u>	<u>\$ -</u>
Anti-Gang Initiative	AG07010410							
Personnel Services	7/1/07-6/30/08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses		157,060	-	94,146	-	94,146	62,914	-
Equipment		30,860	-	16,039	-	16,039	14,821	-
Total		<u>\$ 187,920</u>	<u>\$ -</u>	<u>\$ 110,185</u> ⁴	<u>\$ -</u>	<u>\$ 110,185</u>	<u>\$ 77,735</u>	<u>\$ -</u>

¹ Amount is reported as federal expenditures in the Schedule under CFDA number 16.560 for the National Institute of Justice Research, Evaluation, and Development Project Grants, passed through the State of California, Governor's Office of Emergency Services (page 4).

² Amount is reported as federal expenditures in the Schedule under the CFDA number 16.575 Crime Victim Assistance Program, passed through the State of California, Governor's Office of Emergency Services (page 4).

³ Expenditures for the San Mateo County Narcotic's Task Force program is reported as federal expenditures in the Schedule under CFDA number 16.579 for the Edward Byrne Memorial Justice Assistance Grant Program, passed through the State of California, Governor's Office of Emergency Services (page 4).

⁴ Amount is reported as federal expenditures in the Schedule under CFDA number 16.744 for the State Projects Safe Neighborhoods Gang Task Force, passed through the State of California, Governor's Office of Emergency Services (page 4).



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

2175 N. California Boulevard, Suite 645
Walnut Creek, CA 94596
925.274.0190

515 S. Figueroa Street, Suite 325
Los Angeles, CA 90071
213.286.6400

402 West Broadway, Suite 400
San Diego, CA 92101
619.573.1112

To the Grand Jury and Board of Supervisors of
the County of San Mateo
Redwood City, California

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2008. Our report was modified to include a reference to other auditors. Our report also includes explanatory paragraphs indicating that the County adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* and that the fair value of the County's investments has declined subsequent to June 30, 2008 due to significant volatility in global financial markets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Housing Authority of the County of San Mateo and the San Mateo County Employees' Retirement Association, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-A and 2008-B to be significant deficiencies 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 entity's internal control.

Our consideration of the 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 the 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 believe that none of the significant deficiencies 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 management of the County in a separate letter dated November 25, 2008.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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


Certified Public Accountants

Walnut Creek, California
November 25, 2008



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

2175 N. California Boulevard, Suite 645
Walnut Creek, CA 94596
925.274.0190

515 S. Figueroa Street, Suite 325
Los Angeles, CA 90071
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402 West Broadway, Suite 400
San Diego, CA 92101
619.573.1112

To the Grand Jury and Board of Supervisors of
the County of San Mateo
Redwood City, California

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

Compliance

We have audited the compliance of the County of San Mateo, California (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the 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.

The County's basic financial statements include the operations of the Housing Authority of the County of San Mateo (Housing Authority) that reported expenditures of federal awards of \$61,970,517, which is not included in the schedule of expenditures of federal awards for the year ended June 30, 2008. Our audit of compliance, described below, did not include the operations of the Housing Authority because the Housing Authority's expenditures of federal awards are audited by other auditors in accordance with OMB Circular A-133.

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

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 year ended June 30, 2008. 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 2008-01.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-01 to be a significant deficiency.

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. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

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


Certified Public Accountants

Walnut Creek, California
February 27, 2009

COUNTY OF SAN MATEO
Schedule of Findings and Questioned Costs
For the 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 weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

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

Identification of major programs:

Program Title	CFDA Number
High Intensity Drug Trafficking Area	07.Unknown
Community Development Block Grants/Entitlement Grants	14.218
HOME Investment Partnerships Program	14.239
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Medical Assistance Program	93.778
Homeland Security Cluster	97.008* / 97.067

* CFDA no. 97.008 Urban Areas Security Initiative grants are part of the Homeland Security Cluster for 2005 and 2006 awards.

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

COUNTY OF SAN MATEO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008

Section II – Financial Statement Findings

2008-A, Well Patient Admission Documentation
Significant Deficiency

Counties are mandated to provide health care to their uninsured, medically, indigent residents under Section 17000 of the California Welfare and Institutions Code. The County of San Mateo (County) fulfilled this obligation by creating the Wellness, Education, Linkage, Low-Cost (Well) Program in July 1996. The Well Program has established four eligibility criteria, which require at the date of service the patients:

1. Do not qualify for other insurance programs such as Medi-Cal;
2. Are residents of the County;
3. Have income below 200 percent of the federal poverty level (FPL); and
4. Have assets that do not exceed \$2,000 per family unit member (excluding one vehicle and one principal residence).

Consequently, the admissions process requires applicants to submit all required verification documents, complete a One-e-App screening process with an eligibility worker, and sign a Declaration Acknowledgement Form attesting to the information provided.

During our audit, we selected 45 Well patients as part of our internal control testing over patient admissions and eligibility to verify that all admissions to the Well Program were in accordance with guidelines noted above. During the process of verifying that patients met eligibility requirements, we noted the following exceptions:

- 1 patient who was determined eligible for the Well Fee Waiver did not have the required Declaration Acknowledgement Form in the patient file. This form documents the patient declaration that the information and documentation supporting the eligibility determination is true and correct.
- 1 patient was provided service after the period of eligibility had expired. Upon further review, we noted that the patient was reassessed as eligible 7 months after the unauthorized services were provided.

We recommend that the Medical Center's management develop a tracking tool, such as a checklist, to determine that all eligibility requirements are completed timely and required documentation received and properly filed.

Management Response:

Effective April 1, 2009, WELL Program eligibility will be audited by a WELL Program Benefits Analyst to ensure that the required documentation is in place.

COUNTY OF SAN MATEO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008

Section II – Financial Statement Findings (Continued)

2008-B, Contractual Allowance Analysis
Significant Deficiency

During our audit we reviewed the Medical Center’s contractual analysis worksheet (Reserve Calculation) for the fiscal year ended 2008. Due to formula errors in the worksheet, we noted that 2 financial classes had negative net accounts receivable balances totaling \$4.5 million. In addition, we noted that the “U” reclassification analysis had not been updated in 2 years. The “U” reclassification redistributes balances in financial class “U” (Undetermined) to other financial classes based on historic final eligibility determinations. The total amount reclassified to other financial classes for fiscal year 2008 was \$10.7 million.

Subsequent to our review, management reanalyzed its methodology and corrected the formula errors in the worksheet. In addition, management performed an analysis of the inpatient “U” financial class and updated its distribution for inpatient accounts only. Based on the revised analysis, we determined that accounts receivable was understated by \$921,000, contractual allowances was understated by \$638,000 and net patient services revenues was understated by \$283,000. These misstatements were corrected in the financial statements.

We recommend that management add a net account receivable column to its Reserve Calculation worksheet to identify financial classes with negative accounts receivable balances and review its methodology to ensure these items are properly mitigated. In addition, we recommend that management develop procedures to perform an analysis of financial class “U” annually to ensure reclassifications are based on current information.

Management Response:

Management agrees with the recommendation and has already started to update the current methodology to analyze and review the contractual allowances and ensure proper internal control.

COUNTY OF SAN MATEO
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2008

Section III – Federal Award Findings and Questioned Costs

Finding 2008-01 U.S. Office of National Drug Control Policy
 High Intensity Drug Trafficking Area, CFDA number 07.unknown
 Administered by the Northern California HIDTA Office
Earmarking – Overtime Limit

Criteria

In accordance with the High Intensity Drug Trafficking Area (HIDTA) Program Policy and Budget Guidance handbook, HIDTA-funded overtime for individual state and local law enforcement personnel and uniformed federal agents shall not exceed the lower of: (1) applicable state and local regulations of officer’s parent agency; or (2) 25 percent of the federal GS-12 step 1 level pay scale for Federal Law Enforcement Officers (“Rest of U.S.”) in effect at the beginning of the calendar year. The maximum overtime amounts per individual were \$15,854 effective January 1, 2007 and \$16,329 effective January 1, 2008.

Condition

The Northern California HIDTA (NC HIDTA) Office currently uses an Excel spreadsheet to track overtime payments made to individuals using HIDTA funds to ensure that individuals do not exceed the prescribed limits. Requests for overtime reimbursements submitted by initiative commanders are reviewed and approved by the NC HIDTA Director for payment, and subsequently inputted into the Excel spreadsheet by an Executive Assistant. Whereas NC HIDTA monitored this requirement using a fiscal year (July through June) basis in the prior year, it decided to convert to a calendar year (January through December) basis in late 2007. As part of the conversion, NC HIDTA re-organized overtime reimbursement records starting from January 1, 2007 to ensure individual officers remain within the specified limits. However, while the reorganization was being performed, NC HIDTA continued to make approved overtime reimbursements.

During our audit, we selected 40 individuals who received overtime reimbursements for review and noted 3 individuals whose reimbursements in calendar year 2007 exceeded the maximum limit.

<u>Index</u>	<u>Amount Paid</u>	<u>2007 Limit</u>	<u>Questioned Cost</u>
1	\$ 16,095	\$ 15,854	\$ 241
2	\$ 16,801	\$ 15,854	\$ 947
3	\$ 17,127	\$ 15,854	\$ 1,273
	<u>\$ 50,023</u>		<u>\$ 2,461</u>

Effect

NC HIDTA is at risk of reimbursing individuals in excess of the prescribed overtime limits.

Questioned Cost

\$2,461

Recommendation

Since the over-reimbursements were a result of the conversion process, we recommend that NC HIDTA consult the grantor agency for guidance on any necessary corrective action for the questioned costs identified for calendar year 2007.

COUNTY OF SAN MATEO
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008

Section III – Federal Award Findings and Questioned Costs (Continued)

Management Response

During the conversion of switching over from tracking overtime by fiscal year to tracking overtime by calendar year, there was a delay in the reorganization of records. This delay caused the overpayment of overtime to 3 agents. However, the overtime tracking process that is currently in place will ensure that overpayments will not occur again. The Northern California HIDTA will consult the grantor agency for guidance on any necessary action for the questioned costs identified for calendar year 2007.

The Northern California HIDTA's process for tracking overtime is as follows:

- 1) Initiative Commanders submit overtime reimbursement requests to the NC HIDTA. Prior to submitting the requests, they are required to ensure that there are enough funds in their budget, the overtime was pre-approved, allowable and that the agent has not exceeded their annual overtime maximum amount.
- 2) The Financial Manager reviews the overtime reimbursement request to ensure that all overtime is allowed, appropriate documentation is attached and all calculations are correct.
- 3) After review by the Financial Manager, the Director reviews and approves or rejects the overtime reimbursement requests.
- 4) If rejected, the Financial Manager sends the reimbursement request back to the Initiative Commander. If approved, the reimbursement request is sent to the Executive Secretary to input the information into the Excel spreadsheet that tracks the amount of overtime paid to each individual. This Excel spreadsheet records overtime from January to December and has a totals column as well as a status column that alerts the NC HIDTA when the agent has reached \$14,000. At this point, the Executive Secretary informs the Financial Manager who then informs the Initiative Commander. Although the maximum overtime limit is over \$14,000, this amount is used to give the Initiative Commander advanced notice. After recording the overtime information, the Executive Secretary gives the reimbursement requests for those agents who have not reached the maximum amount to the Financial Manager to process payment. For those reimbursement requests where an agent has exceeded his/her maximum amount, the Financial Manager returns the reimbursement request back to the Initiative Commander.

COUNTY OF SAN MATEO
 Status of Prior Year Findings and Questioned Costs
 For the Year Ended June 30, 2008

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number:	2007-01
Federal Catalog Number/ Program Name:	<p>07 / High Intensity Drug Trafficking Area</p> <p>14.218 / Community Development Block Grants/Entitlement Grants</p> <p>14.239 / HOME Investment Partnerships Program</p> <p>15.916 / Outdoor Recreation-Acquisition, Development and Planning</p> <p>16.575 / Crime Victim Assistance</p> <p>17.235 / Senior Community Service Employment Program</p> <p>20.106 / Airport Improvement Program</p> <p>84.186 / Safe and Drug-Free Schools and Communities - State Grants</p> <p>93.041 / Prevention of Elder Abuse, Neglect, and Exploitation</p> <p>93.044 / Supportive Services and Senior Centers</p> <p>93.045 / Special Programs for the Aging - Title III, Part C - Nutrition Services</p> <p>93.052 / National Family Caregiver Support, Title III, Part E</p> <p>93.118 / Acquired Immunodeficiency Syndrome (AIDS) Activity</p> <p>93.243 / National Significance</p> <p>93.558 / Temporary Assistance for Needy Families</p> <p>93.617 / Help America Vote Act of 2002 (HAVA 261)</p> <p>93.778 / Medical Assistance Program (Medicaid; Title XIX)</p> <p>93.779 / Centers for Medicare and Medicaid Services (CMS) Research,</p> <p>16.011/97.008 / Urban Areas Security Initiative</p> <p>97.036 / Disaster Grants - Public Assistance</p> <p>97.067 / Urban Areas Security Initiative</p> <p>93.596 / Child Care and Development Fund</p>
Audit Finding:	<p>Numerous changes to the SEFA resulted in a net increase to the SEFA of \$4.9 million and affected 24 federal programs, 7 of which were selected as major programs for fiscal year 2007. These changes also significantly affected the planning of the audit, including the required risk analysis and determination and the scope of major programs.</p>
Status of Corrective Action:	<p>Appears corrected.</p> <p>The Controller’s Office conducted a single audit training for fiscal officers from various County departments, and has also reviewed reconciliations of claimed grant reimbursements to amounts reported in the general ledger and amounts reported in the SEFA.</p> <p>The County Manager’s Office has developed a grant manual to establish uniform grant management policies and procedures throughout the County. The grant manual has been published in the County intranet in FY 2008-09.</p>

COUNTY OF SAN MATEO
Status of Prior Year Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2007-02

Federal Catalog Number/
Program Name: 14.239 / HOME Investment Partnerships Program (HOME)

Audit Finding: The County did not perform the required housing quality standards inspections on the 21 HOME projects that were subject to inspection during the fiscal year.

Status of Corrective Action: Appears corrected.
We selected 30 out of 36 HOME projects that are subject to inspection in the current fiscal year. The County appears to have performed the required inspections on a timely basis.

Reference Number: 2007-03

Federal Catalog Number/
Program Name: 14.218 / Community Development Block Grants / Entitlement Grants
14.239 / HOME Investment Partnerships Program (HOME)

Audit Finding: The County did not submit the required HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons* reports for the period July 1, 2006 to June 30, 2007.

Status of Corrective Action: This requirement did not apply to the grants for fiscal year 2008.

Reference Number: 2007-04

Federal Catalog Number/
Program Name: 93.558 / Temporary Assistance to Needy Families (TANF)

Audit Finding: Out of three monthly CA 800 FED financial reports and three months of the statistical reports selected for testing, we noted 2 monthly CA 800 FED reports and one month of the statistical reports were submitted past the required timeframe. Late submission ranged from 5 to 35 days.

Status of Corrective Action: Appears corrected.
The County has trained two additional staff to prepare the statistical reports. The required reports appear to have been submitted on a timely basis in FY2008.