

**COUNTY OF LAKE,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2008**

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**COUNTY OF LAKE, CALIFORNIA
SINGLE AUDIT ACT
FOR THE YEAR ENDED JUNE 30, 2008**

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

Board of Supervisors and the Grand Jury
County of Lake
Lakeport, 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 Lake, 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 February 17, 2009. 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. Significant deficiencies are described in the accompanying Schedule of Findings and Questioned Costs as Item number 08-FS-01.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 08-FS-01 to be a material weakness.

Compliance and Other Matters

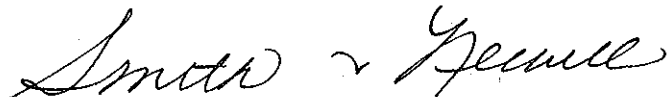
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 noted certain other matters that we reported to management of the County in a separate report dated February 17, 2009.

Board of Supervisors and the Grand Jury
County of Lake
Lakeport, California

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 it.

This report is intended solely for the information and use of management, others within the organization, the Board of Supervisors and Grand Jury, and Federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script, appearing to read "Smith & Newell", written in black ink.

Smith & Newell CPA's
Yuba City, California
February 17, 2009

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

To the Board of Supervisors and Grand Jury
County of Lake
Lakeport, California

Compliance

We have audited the compliance of County of Lake, California, 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.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the 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 08-SA-01.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

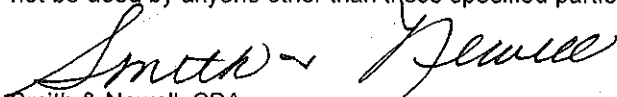
To the Board of Supervisors and Grand Jury
County of Lake
Lakeport, California

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lake, California, as of and for the year ended June 30, 2008, and have issued our report thereon dated February 17, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the organization, the Board of Supervisors and Grand Jury, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



Smith & Newell, CPAs
Yuba City, California
February 17, 2009

COUNTY OF LAKE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through National Forest Service: Cooperative Forestry Assistance	10.664	06-LE-11051360-016	\$ 17,741
Passed through State Department of Social Services: Food Stamps	10.551	-	7,603,353
State Administrative Matching Grants for Food Stamp Program	10.561	-	778,748
Passed through State Department of Education School Breakfast Program	10.553	-	21,741
National School Lunch Program	10.555	-	33,483
Passed through State Controller's Office Schools and Roads - Grants to Counties	10.666	-	511,615
Direct Program: Water and Waste Disposal Systems for Rural Communities	10.760	-	263,887
Total U.S. Department of Agriculture			9,230,568
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program: Section 8 Housing Choice Vouchers	14.871	-	1,284,879
Passed through State Department of Housing and Community Development: Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	05 STBG 1421	12,099
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	-	182,450
Subtotal 14.228			194,549
HOME Investment Partnerships Program	14.239	05 HOME 1703	11,341
HOME Investment Partnerships Program	14.239	-	425,661
Subtotal 14.239			437,002
Total U.S. Department of Housing and Urban Development			1,916,430
<u>U.S. Department of the Interior</u>			
Direct Program: Payments in Lieu of Taxes	15.226	-	76,329
Total U.S. Department of the Interior			76,329
<u>U.S. Department of Justice</u>			
Direct Program: Crime Victim Assistance	16.575	VW 07 22 0170	53,500
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2005 WE AX 0034	202,903
State Criminal Alien Assistance Program	16.606	-	32,926
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007 DJ BX 0183	22,153

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF LAKE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Justice (Continued)</u>			
Passed through State Office of Criminal Justice Planning Juvenile Accountability Block Grants	16.523	CSA 717-07	\$ 314,736
Edward Byrne Memorial Formula Grant Program	16.579	DC 07 18 0170	126,909
Edward Byrne Memorial Formula Grant Program	16.579	2006-23	175,000
Subtotal 16.579			301,909
Total U.S. Department of Justice			928,127
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLS 5914 (025)	17,147
Highway Planning and Construction	20.205	BRLO NBIL (037)	1,647,124
Highway Planning and Construction	20.205	STPLHG-5914 (039)	218,308
Highway Planning and Construction	20.205	STPLHG-5914 (047)	30,729
Highway Planning and Construction	20.205	RPSTPLE-5914(044)	44,308
Subtotal 20.205			1,957,616
Passed through Federal Aviation Administration:			
Airport Improvement Program	20.106	3-06-0117-08	273,189
Airport Improvement Program	20.106	3-06-0117-09	45,175
Subtotal 20.106			318,364
Total U.S. Department of Transportation			2,275,980
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	-	48,412
Temporary Assistance for Needy Families	93.558	-	9,179,871
Child Support Enforcement	93.563	-	1,689,531
Child Welfare Services - State Grants	93.645	-	75,849
Foster Care - Title IV-E	93.658	-	2,771,803
Adoption Assistance	93.659	-	983,252
Social Services Block Grant	93.667	-	62,435
Chafee Foster Care Independence Program	93.674	-	75,946
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SAPT	495,833
Passed through State Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	SAMSHA	200,063
Passed through State Department of Health Services:			
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	-	65,000
Public Health and Social Services Emergency Fund	93.003	-	111,948
National Bioterrorism Hospital Preparedness Program	93.889	-	90,405

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF LAKE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health and Human Services (Continued)</u>			
Passed through State Department of Health Services (Continued):			
Medical Assistance Program	93.778	IHSS	\$ 131,267
Medical Assistance Program	93.778	MAA	155,455
Medical Assistance Program	93.778	TCM	68,875
Medical Assistance Program	93.778	-	310,861
Subtotal 93.778			666,458
Maternal and Child Health Services Block Grant to the States	93.994	MCH	116,072
Maternal and Child Health Services Block Grant to the States	93.994	CHDP	106,980
Maternal and Child Health Services Block Grant to the States	93.994	CCS	164,213
Maternal and Child Health Services Block Grant to the States	93.994	Health Families	165,150
Maternal and Child Health Services Block Grant to the States	93.994	HCPFC	6,865
Subtotal 93.994			559,280
Total U.S. Department of Health and Human Services			17,076,086
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	-	742,937
Emergency Management Performance Grants	97.042	2006-0008	39,335
Emergency Management Performance Grants	97.042	EMF-2007-GR-0702	57,181
Subtotal 97.042			96,516
State Homeland Security Program (SHSP)	97.073	2005-0015	342
State Homeland Security Program (SHSP)	97.073	FY 06	15,622
State Homeland Security Program (SHSP)	97.073	FY 07	58,639
Subtotal 97.073			74,603
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2005-0015	1,784
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	FY 06	32,805
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	FY 07	2,617
Subtotal 97.074			37,206
Total U.S. Department of Homeland Security			951,262
Total Expenditures of Federal Awards			\$ 32,454,782

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF LAKE, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY

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

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

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

4. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

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

5. LOANS OUTSTANDING

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2008:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.228	Community Development Block Grant Slate's Program and Non-Entitlement Grants in Hawaii	\$ 1,094,128
14.239	HOME Investment Partnership Program	<u>5,378,414</u>
	Total Loans Outstanding	<u>\$ 6,472,542</u>

6. PROGRAM CLUSTERS

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
Food Stamp Cluster		
10.551	Food Stamps	\$ 7,603,353
10.561	State Administrative Matching Grants for Food Stamp Program	<u>778,748</u>
	Total	<u>\$ 8,382,101</u>
Child Nutrition Cluster		
10.553	School Breakfast Program	\$ 21,741
10.555	State Administrative Matching Grants for Food Stamp Program	<u>33,483</u>
	Total	<u>\$ 55,224</u>

COUNTY OF LAKE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Status

- | | |
|--|-------------|
| 1. Type of auditor's report issued | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | |
| All major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)? | Yes |
| 4. Identification of major programs: | |
| 10.551 Food Stamps | |
| 10.561 State Administrative Matching Grants for Food Stamp Program | |
| 14.871 Section 8 Housing Choice Vouchers | |
| 93.658 Foster Care - Title IV-E | |
| 93.659 Adoption Assistance | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$973,643 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

II. FINANCIAL STATEMENT FINDINGS

- | | |
|---|----------|
| Financial Reporting: Material weakness | 08-FS-01 |
| Financial Reporting: Significant deficiency | 08-FS-02 |
| Financial Reporting: Significant deficiency | 08-FS-03 |

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

- | | |
|-------------|----------|
| CFDA 93.659 | 08-SA-01 |
|-------------|----------|

COUNTY OF LAKE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

08-FS-01 GASB STATEMENT NO. 31 (Reporting Requirement: Material Weakness)

Condition

At the time of our fieldwork, we noted that the fair value of the investments in the investment pool as of June 30, 2008 was approximately \$1,100,000 less than the carrying value of the investment portfolio, however, the County general ledger had not been adjusted in accordance with GASB Statement No. 31.

Cause

The County does not have a policy to analyze and record potential GASB Statement No. 31 adjustments.

Criteria

GASB Statement No. 31, paragraph 13 states that all investment income, including changes in fair value of investments should be recognized as revenue in the operating statement. Adjusting the County's books to reflect significant changes in the fair value of investments reflects a more accurate financial position for the County.

Effect of Condition

The carrying value of cash and investments reported on the County's general ledger was not adjusted in accordance with GASB Statement No. 31 and the fair value of the investments was approximately \$1,100,000 less than the carrying value of the investments at June 30, 2008.

Recommendation

We recommend that the County adopt a policy requiring regular review and adjustment of investments in accordance with GASB Statement No. 31.

Corrective Action Plan

Although not a formal policy, practice within the Auditor-Controller's Office is to inquire on the fair market value of the County investment pool at fiscal year end. Due to a misunderstanding, the amount reported did not trigger the need for a general ledger adjustment. Prior to issuance of this report, the appropriate GASB 31 fair value adjustments were posted to the general ledger.

We recognize that a more formal procedure would better serve the County and we will make that change for fiscal year ending 2009.

08-FS-02 CAPITAL ASSET AND DEBT ISSUANCE (Financial Reporting: Significant Deficiency)

Condition

During our audit we noted that the County purchased property and did not properly record the capital outlay, capital asset addition, or the associated debt issuance.

Cause

The County recorded capital outlay and capital asset additions for the amount paid of \$506,461, and did not record capital outlay or debt proceeds for the loan from the seller of \$1,500,000 to arrive at the full capital asset cost.

Criteria

Good internal control over capital assets requires that all capital assets be recorded at the actual cost and any associated debt issuances be properly recorded in the general ledger.

COUNTY OF LAKE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

08-FS-02 CAPITAL ASSET AND DEBT ISSUANCE (Financial Reporting: Significant Deficiency)
(CONTINUED)

Effect of Condition

Capital outlay, capital asset additions and proceeds from the issuance of debt were understated and required adjustment. In addition, the County schedules for capital assets and debt were incorrect and required adjustment.

Recommendation

We recommend that the capital outlay, capital asset additions and proceeds from the issuance of debt be properly recorded in the general ledger. We further recommend that capital asset additions be reconciled to supporting documentation to ensure that all components of the purchase are properly recorded.

Corrective Action Plan

Prior to completion of fieldwork, the capital asset and associated debt transactions were posted to the general ledger, and all subsidiary ledgers.

Expanded written procedures have been developed, as well as year end review and checklist inclusion.

08-FS-03 SELF FUNDED DENTAL/VISION FUND (Financial Reporting: Significant Deficiency)

Condition

During our audit we noted that the County maintains a Self Funded Dental/Vision fund which had not been recorded on the County general ledger in prior years. The beginning net assets were understated and required a prior period adjustment of \$79,557 to correct.

Cause

The County had recorded all payments to the plan administrator as expenditures when paid rather than accounting for the actual activity in the fund.

Criteria

Internal service funds may be used to report any activity that provides goods or services to other funds or departments of the primary government on a cost-reimbursement basis.

Effect of Condition

The County beginning net assets were misstated and required a prior period adjustment of \$79,557 to correct.

Recommendation

We recommend that the County record activity in the Self Funded Dental/Vision fund on a regular basis.

Corrective Action Plan

It was determined during the 2008 fiscal year that the County self-funded dental/vision fund should more appropriately be recorded and classified as an Internal Service Fund in the County general ledger. To accurately and completely address that determination, a separate audit of those activities was undertaken. This required a prior period adjustment for this fund.

Additional information--As of January 1, 2009 the County will no longer operate under a self-fund model for their dental/vision coverage. This fund is scheduled to be closed as of June 30, 2009.

COUNTY OF LAKE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

08-SA-01

Name: ADOPTION ASSISTANCE
CFDA #: 93.659
Federal Grantor: U.S. Department of Health and Human Services
Pass Through Entity: State Department of Social Services
Award No.: N/A
Year: 2007/2008

Condition

Title 22 California Code of Regulations Section 35331(a) requires that the determination of the child's eligibility for adoption assistance be documented in the case record on the Eligibility Certification - Adoption Assistance Program form (the AAP-4). The County does document eligibility on the AAP-4 by the completion of the form, which is signed by the "Authorized Official of Public Adoption Agency". However, a second signature is required on the AAP-4. The "Authorized Official of County Welfare Department" must sign the AAP-4 and check the appropriate box, which indicates FFP eligibility or non-eligibility.

Perspective

On nine of twenty-five cases tested, the AAP-4's were completed and signed by the "Authorized Official of Public Adoption Agency" but the AAP-4's were not signed by the "Authorized Official of County Welfare Department," which is the County eligibility staff. We also noted that four of the case files did not have the AAP-4.

Cause

Appropriate training or review procedures concerning required forms completion was inadequate.

Criteria

The County is not in compliance with Title 22 California Code of Regulations Section 35331(a).

Effect of Condition

When the AAP-4 is not signed by the Authorized Official of County Welfare Department and/or the federal eligibility or non-eligibility box is not marked, the likelihood of errors in eligibility determination increase.

Questioned Costs

No costs are questioned. All seven cases were eligible for federal Adoption Assistance. The problem was that their eligibility was not properly documented, as required, on the AAP-4.

Recommendation

We recommend that the County require that the AAP-4's be signed by the "Authorized Official of County Welfare Department" (County eligibility staff) and that this person check the appropriate box showing determination of FFP eligibility on the bottom of this form. We also recommend that the County incorporate into their review process procedures to ensure that the AAP-4's are properly completed and executed.

Corrective Action Plan

All cases were reviewed and corrected. In addition, we will provide training to staff and supervisors as to the need for appropriate signatures and processing of AAP-4 forms. Training will occur on an ongoing basis and cases will be randomly reviewed to ensure compliance.

COUNTY OF LAKE, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30 2008

<u>Audit Reference</u>	<u>Status of Prior Year Audit Findings</u>
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There were no prior year audit findings.

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