

**COUNTY OF SAN MATEO**

Single Audit Reports

For the Year Ended June 30, 2009

**COUNTY OF SAN MATEO**  
Single Audit Reports  
For the Year Ended June 30, 2009

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**MACIAS GINI & O'CONNELL LLP**  
Certified Public Accountants & Management Consultants

**WALNUT CREEK**  
2121 N. California Blvd., Suite 750  
Walnut Creek, CA 94596  
925.274.0190

SACRAMENTO

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN DIEGO

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 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, 2009, which collectively comprise the County's basic financial statements, and have issued our report dated November 18, 2009. Our report was modified to include a reference to other auditors and the adoption of the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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). 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 County's basic financial statements. In addition, the Schedule does not include \$64,171,955 expenditures of federal awards by the Housing Authority. The Housing Authority's federal expenditures are separately audited by other auditors 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 & O'Connell LLP*  
Certified Public Accountants

Walnut Creek, California  
November 18, 2009

**COUNTY OF SAN MATEO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Entity Number
<b>U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</b>				
Direct Program:				
High Intensity Drug Trafficking Area	07.unknown	\$ 3,087,207	\$ -	n/a
Pass-Through Program, State of California, San Diego County Sheriff's Office:				
High Intensity Drug Trafficking Area	07.unknown	14,820	-	n/a
Pass-Through Program, State of Florida, Monroe County Sheriff's Office:				
High Intensity Drug Trafficking Area	07.A-102-0208-51210	36,165	-	A-102-0208-51210
<b>TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</b>		<u>3,138,192</u>	<u>-</u>	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Programs, State of California, Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	296,869	-	07-0102
Plant and Animal Disease, Pest Control, and Animal Care	10.025	50,298	-	08-0508
Plant and Animal Disease, Pest Control, and Animal Care	10.025	145,373	-	08-0698
Plant and Animal Disease, Pest Control, and Animal Care	10.025	39,036	-	08-0768
Plant and Animal Disease, Pest Control, and Animal Care	10.025	78,175	-	08-0129
Senior Farmers Market Nutrition Program	10.576	20,000	20,000	n/a
Pass-Through Programs, State of California, Department of Social Services:				
Supplemental Nutrition Assistance Program Cluster:				
Supplemental Nutrition Assistance Program	10.551	18,479,210	-	06-117-01
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5,274,140	-	n/a
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	134,293	-	06-55115
Subtotal of Supplemental Nutrition Assistance Program Cluster		<u>23,887,643</u>	<u>-</u>	
Pass-Through Programs, State of California, Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	123,291	-	41-10413-6045223-01
National School Lunch Program	10.555	186,401	-	41-10413-6045223-01
Subtotal of Child Nutrition Cluster		<u>309,692</u>	<u>-</u>	
Pass-Through Program, State of California, Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,676,263	-	08-85467
Subtotal Pass-Through Programs		<u>27,503,349</u>	<u>20,000</u>	
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u>27,503,349</u>	<u>20,000</u>	
<b>U.S. DEPARTMENT OF COMMERCE</b>				
Pass-Through Program, National Marine Sanctuary Foundation:				
Marine Sanctuary Program	11.429	50,664	-	n/a
Subtotal of Pass-Through Programs		<u>50,664</u>	<u>-</u>	
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>		<u>50,664</u>	<u>-</u>	
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	5,161,418	2,627,781	n/a
Emergency Shelter Grants Program	14.231	123,906	119,246	n/a
Home Investment Partnerships Program	14.239	20,399,423	2,870,831	n/a
Subtotal of Direct Programs		<u>25,684,747</u>	<u>5,617,858</u>	
Pass-Through Program, San Francisco Redevelopment Agency:				
Housing Opportunities for Persons with AIDS	14.241	694,000	487,740	n/a
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<u>26,378,747</u>	<u>6,105,598</u>	
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Programs:				
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	285,345	-	n/a
Drug Court Discretionary Grant Program	16.585	135,067	135,067	n/a
State Criminal Alien Assistance Program	16.606	1,771,763	-	n/a
Edward Bryne Memorial Justice Assistance Grant Program	16.738	94,042	-	n/a
Edward Bryne Memorial Justice Assistance Grant Program	16.738	48,038	-	n/a
Forensic DNA Backlog Reduction Program	16.741	85,990	-	n/a
Drug Enforcement Administrative Grant	16.unknown	9,105	-	n/a
Subtotal of Direct Programs		<u>2,429,350</u>	<u>135,067</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, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Entity Number
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>				
Pass-Through Programs, State of California, Corrections Standards Authority:				
Juvenile Accountability Block Grants	16.523	42,272	42,272	CSA 169-08
Juvenile Accountability Block Grants	16.523	227,515	-	CSA 169-08.06
Subtotal of Juvenile Accountability Block Grants		<u>269,787</u>	<u>42,272</u>	
Pass-Through Program, City and County of San Francisco:				
Public Safety Partnership and Community Policing Grants	16.710	197,635	-	CSA 169-08
Pass-Through Programs, State of California, Office of Juvenile Justice and Delinquency Prevention:				
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	80,684	76,500	JLFX0064
Pass-Through Programs, State of California, Emergency Management Agency:				
Crime Victim Assistance	16.575	93,500	-	SE08180410
Edward Byrne Memorial Formula Grant Program	16.579	233,457	-	DC08190410
Edward Byrne Memorial Formula Grant Program	16.579	44,132	-	DC07180410
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	19,014	-	CQ08060410
Subtotal of Pass-Through Programs		<u>938,209</u>	<u>118,772</u>	
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>3,367,559</u>	<u>253,839</u>	
<b>U.S. DEPARTMENT OF LABOR</b>				
Pass-Through Program, State of California, Department of Aging:				
Senior Community Service Employment Program	17.235	157,153	157,153	TV-0809-08
ARRA-Senior Community Service Employment Program	17.235	1,907	1,907	AD-18356-09-60
Pass-Through Programs, State of California, Employment Development Department:				
Workforce Investment Act Cluster:				
WIA Adult Program	17.258	952,917	6,876	R970571
WIA Adult Program	17.258	115,197	115,197	R865488
ARRA-WIA Adult Program	17.258	185,795	-	R970571
WIA Youth Activities	17.259	386,704	386,704	R865488
WIA Youth Activities	17.259	923,883	498,380	R970571
WIA Youth Activities	17.259	17,350	-	K074175
ARRA-WIA Youth Activities	17.259	73,358	-	R970571
WIA Dislocated Workers	17.260	2,239,947	223,283	R970571
WIA Dislocated Workers	17.260	2,107	-	R865488
ARRA-WIA Dislocated Workers	17.260	173,736	1,647	R970571
Subtotal of Workforce Investment Act Cluster		<u>5,070,994</u>	<u>1,232,087</u>	
Subtotal of Pass-Through Programs		<u>5,230,054</u>	<u>1,391,147</u>	
TOTAL U.S. DEPARTMENT OF LABOR		<u>5,230,054</u>	<u>1,391,147</u>	
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Direct Program:				
Airport Improvement Program	20.106	686,237	-	n/a
Highway Planning and Construction Cluster:				
Pass-Through Programs, State of California, Department of Transportation:				
Highway Planning and Construction	20.205	182,646	-	BROS-0081(011)
Highway Planning and Construction	20.205	250,000	-	STPL 5935(041)
Highway Planning and Construction	20.205	100,000	-	CML 5935(047)
Highway Planning and Construction	20.205	227,000	-	CML 5935(046)
Highway Planning and Construction	20.205	75,000	-	CML 5935(045)
Highway Planning and Construction	20.205	152,992	-	CML 5935(039)
Highway Planning and Construction	20.205	4,354	-	CML 5935(048)
Subtotal of Highway Planning and Construction Grants		<u>991,992</u>	<u>-</u>	
Pass-Through Program, State of California, Department of Parks and Recreation:				
Recreational Trails Program	20.219	25,692	-	n/a
Subtotal of Highway Planning and Construction Cluster		<u>1,017,684</u>	<u>-</u>	
Subtotal of Pass-Through Programs		<u>1,017,684</u>	<u>-</u>	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>1,703,921</u>	<u>-</u>	
<b>U.S. GENERAL SERVICES ADMINISTRATION</b>				
Pass-Through Program, State of California, Secretary of State:				
Election Reform Payments	39.011	3,213	-	07G30129
TOTAL U.S. GENERAL SERVICES ADMINISTRATION		<u>3,213</u>	<u>-</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, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Entity Number
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
Pass-Through Program, State of California, Department of Public Health: Beach Monitoring and Notification Program Implementation Grants	66.472	15,364	-	08-85539
Subtotal of Pass-Through Programs		<u>15,364</u>	-	
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		<u>15,364</u>	-	
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Program, San Mateo County Office of Education: Special Education - Grants to States	84.027	1,979,619	-	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	253,723	191,937	SFD-07-04
Subtotal of Pass-Through Programs		<u>2,233,342</u>	<u>191,937</u>	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<u>2,233,342</u>	<u>191,937</u>	
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>				
Pass-Through Program, State of California, Secretary of State: Help America Vote Act Requirements Payments	90.401	204,908	-	07G30129
<b>TOTAL U.S. ELECTION ASSISTANCE COMMISSION</b>		<u>204,908</u>	-	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Programs:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	1,458,833	-	n/a
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	749,534	518,915	n/a
Adolescent Family Life - Demonstration Projects	93.995	303,787	-	n/a
Subtotal of Direct Programs		<u>2,512,154</u>	<u>518,915</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	11,443	11,443	AP-0809-08
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	50,953	50,953	AP-0809-08
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	42,578	42,578	AP-0809-08
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	772,949	632,814	AP-0809-08
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	1,078,719	948,889	AP-0809-08
Nutrition Services Incentive Program	93.053	175,072	175,072	AP-0809-08
Subtotal of Aging Cluster		<u>2,026,740</u>	<u>1,756,775</u>	
National Family Caregiver Support, Title III, Part E	93.052	340,412	302,695	AP-0809-08
Medical Assistance Program	93.778	385,650	-	MS0809-13
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	77,567	72,389	HI-0809-08
Pass-Through Programs, State of California, Department of Health Care Services:				
Disabilities Prevention	93.184	746,532	-	n/a
Immunization Grants	93.268	252,918	-	08-85320
Immunization Grants	93.268	35,164	-	08-85369
Children's Health Insurance Program	93.767	404,981	-	n/a
Medical Assistance Program	93.778	1,711,510	-	n/a
Medical Assistance Program	93.778	74,131	-	08-85320
ARRA-Medical Assistance Program	93.778	524,129	-	41-0712
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	1,615,756	176,600	07-65080
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	731,607	-	EPO 08-41
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	206,703	-	EPO CDC 07-41
National Bioterrorism Hospital Preparedness Program	93.889	114,195	-	EPO 06-41
National Bioterrorism Hospital Preparedness Program	93.889	137,571	-	EPO HPP 07-41
National Bioterrorism Hospital Preparedness Program	93.889	228,392	-	EPO 08-41
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	1,018,809	-	200841
Pass-Through Programs, State of California, Department of Mental Health:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	128,849	128,849	n/a
Block Grants for Community Mental Health Services	93.958	837,391	143,512	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, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Entity Number
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>				
Pass-Through Programs, State of California, Department of Social Services:				
Promoting Safe and Stable Families	93.556	234,000	-	n/a
Temporary Assistance for Needy Families	93.558	33,324,760	-	n/a
Refugee and Entrant Assistance - State Administered Programs	93.566	67,514	-	n/a
U.S. Repatriation	93.579	4,912	-	n/a
Child Welfare Services - State Grants	93.645	388,719	-	n/a
Foster Care - Title IV-E	93.658	11,488,719	-	n/a
Foster Care - Title IV-E	93.658	1,315,754	-	2024.00.01
ARRA-Foster Care - Title IV-E	93.658	115,959	-	n/a
Adoption Assistance	93.659	2,727,060	-	n/a
ARRA-Adoption Assistance	93.659	159,134	-	n/a
Social Services Block Grant	93.667	1,331,024	-	n/a
Chafee Foster Care Independence Program	93.674	181,350	-	n/a
Medical Assistance Program	93.778	4,215,155	-	n/a
ARRA-Medical Assistance Program	93.778	1,381,724	-	n/a
Pass-Through Program, State of California, Department of Child Support Services:				
Child Support Enforcement	93.563	6,385,926	-	n/a
ARRA-Child Support Enforcement	93.563	994,137	-	n/a
Subtotal of Child Support Enforcement		<u>7,380,063</u>	<u>-</u>	
Pass-Through Programs, State of California, Department of Education:				
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	55,104	55,107	C2AP-8058
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	441,095	-	CAPP-8064
Subtotal of Child Care and Development Fund Cluster		<u>496,199</u>	<u>55,107</u>	
Pass-Through Programs, State of California, Alcohol and Drug Programs:				
Medical Assistance Program	93.778	381,535	88,076	07B1CASAPT-02
ARRA-Medical Assistance Program	93.778	88,440	20,416	07B1CASAPT-02
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4,566,570	3,996,128	07B1CASAPT-02
Pass-Through Programs, City and County of San Francisco:				
HIV Emergency Relief Project Grants	93.914	1,558,124	209,477	DPHC08000816
HIV Emergency Relief Project Grants	93.914	491,563	-	n/a
Subtotal of HIV Emergency Relief Program Grants		<u>2,049,687</u>	<u>209,477</u>	
Subtotal of Pass-Through Programs		<u>83,642,259</u>	<u>7,054,998</u>	
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>86,154,413</u>	<u>7,573,913</u>	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Pass-Through Programs, City and County of San Francisco:				
Homeland Security Grant Program	97.067	1,297,416	-	2007 UASI
Homeland Security Grant Program	97.067	559,274	-	2007 SUASI
Pass-Through Programs, State of California, Emergency Management Agency:				
Homeland Security Grant Program	97.067	1,226,252	-	2006-0071
Homeland Security Grant Program	97.067	891,844	-	2007-0008
Subtotal of Pass-Through Programs		<u>3,974,786</u>	<u>-</u>	
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>		<u>3,974,786</u>	<u>-</u>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 159,958,512</u>	<u>\$ 15,536,434</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, 2009

#### **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).

In accordance with requirements under U.S. Office of Management and Budget (OMB) Circular A-133, expenditures for federal awards under the American Recovery and Reinvestment Act of 2009 (ARRA) are separately identified in the Schedule by inclusion of the prefix "ARRA-" in identifying the name of the federal program on the SEFA.

#### **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. SUPPLEMENTAL NUTRITION ASSISTANCE**

The County issued supplemental nutrition assistance benefits valued at \$18,479,210 for the year ended June 30, 2009, which is included in the Schedule (CFDA number 10.551). This amount is for information only as receipts and issuances of supplemental nutrition assistance 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, 2009

**7. HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO**

Housing Authority federal expenditures are excluded from the Schedule and are separately audited by other auditors. Federal expenditures for the Housing Authority programs are taken from the separately issued single audit report for the year ended June 30, 2009. The federal programs of the Housing Authority are as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Public and Indian Housing	14.850	\$ 260,794
Capital Fund Program	14.872	465,989
Section 8 Programs:		
Moderate Rehabilitation	14.856	1,292,142
Housing Choice Vouchers	14.871	54,770,317
Shelter Plus Care	14.238	2,117,769
Moving to Work	14.871	4,610,297
Supporting Housing	14.235	654,647
Total		<u>\$ 64,171,955</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, 2009 along with the value of total outstanding and new loans made during the current year.

During the year ended June 30, 2009, the County incurred \$3,876,599 in expenditures related to new loans under the HOME program. As of June 30, 2009, the total amount of HOME loans outstanding subject to continuing compliance requirements was \$20,026,515, 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, 2009

**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
<b>U.S. Department of Labor</b>				
<i>Passed through CA Department of Aging</i>				
ARRA -Senior Community Service Employment Program	17.235	AD-18356-09-60-A-6	\$ -	\$ 1,907
Senior Community Service Employment Program	17.235	TV-0809-08	-	157,153
<b>U.S. Department of Health &amp; Human Services</b>				
<i>Passed through CA Department of Aging</i>				
Special Programs for Aging-Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-0809-08	-	11,443
Special Programs for Aging-Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	AP-0809-08	-	50,953
Special Programs for Aging-Title III, Part D Disease Prevention and Health Promotion Services	93.043	AP-0809-08	-	42,578
Special Programs for Aging-Title III, Part B Grants for Supportive Services and Senior Centers	93.044	AP-0809-08	-	772,949
Special Programs for Aging-Title III, Part C Nutrition Services	93.045	AP-0809-08	141,608	1,078,719
National Family Caregiver Support, Title III, Part E	93.052	AP-0809-08	-	340,412
Nutrition Services Incentive Program	93.053	AP-0809-08	-	175,072
Medical Assistance Program (Medicaid; Title XIX)	93.778	MS-0809-13	385,650	385,650
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	HI-0607-08	180,059	77,567
Total Expenditures of CDA and Federal Awards			<u>707,317</u>	<u>\$ 3,094,403</u>
State Awards - California Department of Aging:				
CBSP - Administration		AP-0809-08	10,713	
CBSP - Linkages		AP-0809-08	233,857	
CBSP - Respite Purchase of Service		AP-0809-08	1,533	
CBSP - Brown Bag Program		AP-0809-08	21,087	
CBSP - ADCRC		AP-0809-08	68,374	
Ombudsman Volunteer Recruitment Initiative		AP-0809-08	<u>26,819</u>	
Total Expenditures of CDA Awards			<u>\$ 1,069,700</u>	

**COUNTY OF SAN MATEO**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2009

**10. PROGRAM TOTALS**

The following table summarizes programs funded by various sources or grants whose totals are not shown on the Schedule. Expenditures funded by the American Recovery and Reinvestment Act of 2009 are denoted by the prefix “ARRA” in the federal or pass-through grantor title.

	CFDA number / Program Title / Federal Grantor or Pass-Through Grantor	Pass Through Entity Number	Federal Expenditures
<b>(a)</b>	<b>CFDA No. 10.025 - Plant and Animal Disease, Pest Control, and Animal Care</b>		
	State of California, Department of Food and Agriculture	07-0102	\$ 296,869
	State of California, Department of Food and Agriculture	08-0508	50,298
	State of California, Department of Food and Agriculture	08-0698	145,373
	State of California, Department of Food and Agriculture	08-0768	39,036
	State of California, Department of Food and Agriculture	08-0129	78,175
		Program Total	\$ 609,751
<b>(b)</b>	<b>CFDA No. 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>		
	State of California, Department of Social Services	n/a	\$ 5,274,140
	State of California, Department of Social Services	06-55115	134,293
		Program Total	\$ 5,408,433
<b>(c)</b>	<b>CFDA No. 16.738 - Edward Bryne Memorial Justice Assistance Grant Program</b>		
	U.S. Department of Justice	n/a	\$ 94,042
	U.S. Department of Justice	n/a	48,038
		Program Total	\$ 142,080
<b>(d)</b>	<b>CFDA No. 16.579 - Edward Byrne Memorial Formula Grant Program</b>		
	State of California, Emergency Management Agency	DC08190410	\$ 233,457
	State of California, Emergency Management Agency	DC07180410	44,132
		Program Total	\$ 277,589
<b>(e)</b>	<b>CFDA No. 17.235 - Senior Community Service Employment Program</b>		
	State of California, Department of Aging	TV-0809-08	\$ 157,153
	ARRA - State of California, Department of Aging	AD-18356-09-60	1,907
		Program Total	\$ 159,060
<b>(f)</b>	<b>CFDA No. 17.258 - Workforce Investment Act (WIA) Adult Program</b>		
	State of California, Employment Development Department	R970571	\$ 952,917
	State of California, Employment Development Department	R865488	115,197
	ARRA - State of California, Employment Development Department	R970571	185,795
		Program Total	\$ 1,253,909
<b>(g)</b>	<b>CFDA No. 17.259 - Workforce Investment Act (WIA) Youth Activities</b>		
	State of California, Employment Development Department	R865488	\$ 386,704
	State of California, Employment Development Department	R970571	923,883
	State of California, Employment Development Department	K074175	17,350
	ARRA - State of California, Employment Development Department	R970571	73,358
		Program Total	\$ 1,401,295
<b>(h)</b>	<b>CFDA No. 17.260 - Workforce Investment Act (WIA) Dislocated Workers</b>		
	State of California, Employment Development Department	R970571	\$ 2,239,947
	State of California, Employment Development Department	R865488	2,107
	ARRA - State of California, Employment Development Department	R970571	173,736
		Program Total	\$ 2,415,790

**COUNTY OF SAN MATEO**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2009

**10. PROGRAM TOTALS (Continued)**

	CFDA number / Program Title / Federal Grantor or Pass-Through Grantor	Pass Through Entity Number	Federal Expenditures
<b>(i) CFDA No. 93.268 - Immunization Grants</b>			
	State of California, Department of Health Care Services	08-85320	\$ 252,918
	State of California, Department of Health Care Services	08-85369	35,164
		Program Total	<u>\$ 288,082</u>
<b>(j) CFDA No. 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance</b>			
	State of California, Department of Public Health	EPO 08-41	\$ 731,607
	State of California, Department of Public Health	EPO CDC 07-41	206,703
		Program Total	<u>\$ 938,310</u>
<b>(k) CFDA No. 93.658 - Foster Care Title IV-E</b>			
	State of California, Department of Social Services	n/a	\$ 11,488,719
	State of California, Department of Social Services	2024.00.01	1,315,754
	ARRA - State of California, Department of Social Services	n/a	115,959
		Program Total	<u>\$ 12,920,432</u>
<b>(l) CFDA No. 93.659 - Adoption Assistance</b>			
	State of California, Department of Social Services	n/a	\$ 2,727,060
	ARRA - State of California, Department of Social Services	n/a	159,134
		Program Total	<u>\$ 2,886,194</u>
<b>(m) CFDA No. 93.778 - Medical Assistance Program (Medicaid: Title XIX)</b>			
	State of California, Department of Aging	MS0809-13	\$ 385,650
	State of California, Department of Health Care Services	n/a	1,711,510
	State of California, Department of Health Care Services	08-85320	74,131
	ARRA - State of California, Department of Health Care Services	41-0712	524,129
	State of California, Department of Social Services	n/a	4,215,155
	ARRA - State of California, Department of Social Services	n/a	1,381,724
	State of California, Alcohol and Drug Programs	07B1CASAPT-02	381,535
	ARRA - State of California, Alcohol and Drug Programs	07B1CASAPT-02	88,440
		Program Total	<u>\$ 8,762,274</u>
<b>(n) CFDA No. 93.889 - National Bioterrorism Hospital Preparedness Program</b>			
	State of California, Department of Public Health	EPO 06-41	\$ 114,195
	State of California, Department of Public Health	EPO HPP 07-41	137,571
	State of California, Department of Public Health	EPO 08-41	228,392
		Program Total	<u>\$ 480,158</u>
<b>(o) CFDA No. 97.067 - Homeland Security Grant Program</b>			
	City and County of San Francisco	2007 UASI	\$ 1,297,416
	City and County of San Francisco	2007 SUASI	559,274
	State of California, Emergency Management Agency	2006-0071	1,226,252
	State of California, Emergency Management Agency	2007-0008	891,844
		Cluster Total	<u>\$ 3,974,786</u>

**COUNTY OF SAN MATEO**

Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2009

**11. SCHEDULES OF STATE OF CALIFORNIA EMERGENCY MANAGEMENT AGENCY  
GRANT EXPENDITURES**

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California, Emergency Management Agency (CalEMA), as well as CalEMA-funded grant expenditures for the year ended June 30, 2009. This information is included in the County's single audit report at the request of CalEMA.

Program Title and Expenditure Category	Grant Number Grant Period	Budget	Cumulative through		Actual 7/1/08-6/30/09		Cumulative through June 30, 2009	Variance
			June 30, 2008		Non-match	Match		
2008 Coverdell Training Program	CQ08060410							
Personnel Services	10/1/08 - 12/31/09	\$ 5,000	\$ -	\$ 1,214	\$ -	\$ 1,214	\$ 3,786	
Operating Expenses		18,262	-	17,800	-	17,800	462	
Equipment		-	-	-	-	-	-	
Total		<u>\$ 23,262</u>	<u>\$ -</u>	<u>\$ 19,014</u> <sup>1</sup>	<u>\$ -</u>	<u>\$ 19,014</u>	<u>\$ 4,248</u>	
Special Emphasis Victim Witness Program	SE08180410							
Personnel Services	7/1/08-6/30/09	\$ 116,875	\$ -	\$ 93,500	\$ 23,375	\$ 116,875	\$ -	
Operating Expenses		-	-	-	-	-	-	
Equipment		-	-	-	-	-	-	
Total		<u>\$ 116,875</u>	<u>\$ -</u>	<u>\$ 93,500</u> <sup>2</sup>	<u>\$ 23,375</u>	<u>\$ 116,875</u>	<u>\$ -</u>	
San Mateo County Narcotics Task Force	DC07180410							
Personnel Services	7/1/07-9/30/08	\$ 147,389	\$ 147,389	\$ -	\$ -	\$ 147,389	\$ -	
Operating Expenses		55,409	55,409	-	-	55,409	-	
Equipment		87,856	43,699	44,132	-	87,831	25	
Total		<u>\$ 290,654</u>	<u>\$ 246,497</u>	<u>\$ 44,132</u> <sup>3</sup>	<u>\$ -</u>	<u>\$ 290,629</u>	<u>\$ 25</u>	
San Mateo County Narcotics Task Force	DC08190410							
Personnel Services	7/1/08-6/30/09	\$ 155,638	\$ -	\$ 155,638	\$ -	\$ 155,638	\$ -	
Operating Expenses		77,819	-	77,819	-	77,819	-	
Equipment		-	-	-	-	-	-	
Total		<u>\$ 233,457</u>	<u>\$ -</u>	<u>\$ 233,457</u> <sup>3</sup>	<u>\$ -</u>	<u>\$ 233,457</u>	<u>\$ -</u>	

1 Amount is reported as federal expenditures in the Schedule under CFDA number 16.742 for the Paul Coverdell Forensic Sciences Improvement Grant Program.

2 Amount is reported as federal expenditures in the Schedule under the CFDA number 16.575 Crime Victim Assistance Program.

3 Expenditures for the San Mateo County Narcotic's Task Force program are reported as federal expenditures in the Schedule under CFDA number 16.579 for the Edward Byrne Memorial Formula Grant Program.



**MACIAS GINI & O'CONNELL LLP**  
Certified Public Accountants & Management Consultants

**WALNUT CREEK**  
2121 N. California Blvd., Suite 750  
Walnut Creek, CA 94596  
925.274.0190

SACRAMENTO

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN DIEGO

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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 18, 2009. Our report includes a reference to other auditors. Our report also includes an explanatory paragraph indicating that the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 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 a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2009-A to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the 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 the significant deficiency described above is not 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 18, 2009.

Management's response to the finding 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 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 18, 2009



**MACIAS GINI & O'CONNELL** LLP  
Certified Public Accountants & Management Consultants

WALNUT CREEK  
2121 N. California Blvd., Suite 750  
Walnut Creek, CA 94596  
925.274.0190

SACRAMENTO

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN DIEGO

To Grand Jury and the 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, 2009. 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 \$64,171,955, which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2009. Our audit of compliance, described below, did not include the operations of the Housing Authority because the Housing Authority engaged other auditors to perform an audit 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2009-01.



## 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 2009-01 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 response to the finding 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 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  
March 15, 2010

**COUNTY OF SAN MATEO**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2009

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**Section I – Summary of Auditor’s Results**

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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
Supplemental Nutrition Assistance Program Cluster	10.551, 10.561
Workforce Investment Act Cluster	17.258, 17.259, 17.260
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Foster Care - Title IV-E	93.658
Adoption Assistance	93.659
Medical Assistance Program (Medicaid; Title XIX)	93.778
Block Grants for Prevention and Treatment of Substance Abuse	93.959

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, 2009

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**Section II – Financial Statement Findings**

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**2009-A Authorization for Changes to the Charge Master**  
***Significant Deficiency***

The Charge Master Description ('CDM') pricing tables are periodically revised to account for changes in the Medical Center's operating environment and market prices for services and supplies provided to patients. During our tests of internal controls over patient billing, we noted that the documents authorizing changes to the CDM were not available for review. In addition, we noted that the process to request a change to the CDM is informal (mainly emails) and the procedures for requesting a change and listing of authorized individuals have not been documented.

We recommend that the Medical Center develop and communicate formal procedures for requesting changes to the CDM. In addition, a list of individuals authorized to approve changes should be maintained by the patient accounting department. Finally, the Medical Center should formalize a process to maintain authorization documents.

**Management's Response**

The Medical Center is implementing Craneware software to review the CDM file. The review will include but is not limited to CPT codes, modifiers, revenue codes and compliance. Each manager will be trained on the use of the Craneware software by January 31, 2010.

All CDM updates and or changes will be requested by the department manager. The request will be made through the Craneware email system which will have an electronic audit trail. The email will be approved by the CFO and sent back to the CDM Coordinator who will make all necessary changes in the CORE system.

The Accounting Department is in the process of preparing a master list of authorized approvers, including sample signatures. The list will include authorized approvers for contracts, purchase orders, checks, wire transfers, CDM changes, accounts payable batches, journal entries, budget adjustments, etc.

**COUNTY OF SAN MATEO**  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2009

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**Section III – Federal Award Findings and Questioned Costs**

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**Finding 2009-01 U.S. Department of Labor**

Passed through the State of California, Employment Development Department Workforce Investment Act (WIA) Cluster, CFDA numbers 17.258, 17.259, 17.260 Administered by the County of San Mateo Human Services Agency  
*Eligibility*

**Criteria**

Under the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, non-federal grantees are responsible for the performance and administration of federal awards. The grantees should maintain internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

**Condition**

The County uses the WIA Application Form to record an applicant's basic characteristics and to determine eligibility. An applicant undergoes an interview process whereby a case worker verifies the applicant's eligibility through examination of official documents. The applicant may also make an "applicant statement" to declare eligibility when documents are unverifiable or unreasonably difficult to obtain. A supervisor reviews the application form to ensure program verifications are properly performed. The application form is to be signed by the applicant, the case worker, and the supervisor.

During our testing of internal control over compliance with eligibility requirements from a population of 350 WIA participants, we noted that out of 40 participants selected for testing:

- 1 participant's application form was not signed by the applicant to certify the validity of information provided to determine eligibility;
- 3 participants' application forms were not signed by the case worker; and
- 3 participants' application forms were not signed by the supervisor to indicate proper review.

**Effect**

The County did not adhere to its established internal controls over eligibility compliance requirements.

**Questioned Cost**

Not applicable. We were able to verify the applicants' eligibility with other documentation.

**Recommendation**

Management should emphasize to all case workers the importance of fully completing all required forms for eligibility determination. In addition, supervisors reviewing the eligibility determinations should ensure all documents are complete and address any issues with the appropriate case worker immediately.

**Management Response**

Firstly, we do acknowledge the three bullet points, above, which detail the facts of the finding.

Secondly, we note that it was the decision of the auditors to classify the listed finding as a *significant deficiency*. We do not agree with this classification and believe that it should be considered a *control deficiency*, for the following reasons.

**COUNTY OF SAN MATEO**  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2009

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

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**Finding 2009-01** (Continued)

Due to the current economic conditions and the hiring freeze in place within the County, staff have experienced an increased workload. They are, as is everybody, subject to “human error”. We do acknowledge that these instances of “human error” occurred; however, we do not agree that these “human errors” adversely affected our 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. As stated in under Questioned Cost: “Not applicable. We were able to verify the applicants’ eligibility with other documentation.” Since there were no instances of any of the applicants, for whom the pertinent application form deficiencies were noted, had actually been determined to be ineligible for the program, our documentation and procedures in place were sufficient to determine that all the applicants were eligible. Thus, there was a zero likelihood, based upon the sampling and deficiency noted, that any applicant who was listed as eligible, was done so erroneously.

In order, however, to address the completion of all eligibility determination forms, effective immediately, all supervisors, who oversee and manage case managers, will be notified, via email, about the finding. We will, again, emphasize the importance of fully completing all required forms for eligibility determination and ensuring signatures are obtained from the applicant, case manager and the supervisor. We will also, again, remind supervisors to ensure that all such documents are completed, with signatures, and that they are to address all concerns or issues in this area with the appropriate staff member immediately. We realize that it is virtually impossible to completely *eliminate* every instance of “human error”, but that will be our goal, and we are confident that such instances will be considerably minimized through our own monitoring efforts in the future.

**COUNTY OF SAN MATEO**  
Status of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2009

**Reference Number:** 2008-01

Federal Catalog Number/  
Program Name: 07.unknown / High Intensity Drug Trafficking Area

Audit Finding: 3 out of 40 individuals tested received overtime reimbursements in calendar year 2007 that exceeded the maximum limit for that calendar year.

Status of Corrective Action: Corrected during the year ended June 30, 2009.