

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

(A component unit of the
County of San Diego, California)

Statement of Claims and Fiscal Reports
with Independent Auditor's Report

June 30, 2011

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

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INDEPENDENT AUDITOR'S REPORT

Health and Human Services Agency
County of San Diego
San Diego, California

We have audited the accompanying Statements of Claims and Fiscal Reports of the County of San Diego Health and Human Services Agency (County) for the California State Department of Education Child Development Programs (Project No. 37-2001-00-0, and Contract Nos. CLPC-0035 and CRET-0033) for the fiscal year ended June 30, 2011. The Statements of Claims and Fiscal Reports are the responsibility of the County's management. Our responsibility is to express an opinion on the Statement of Claims and Fiscal Reports based on our audit.

We conducted our audit 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 the California Department of Education Audit Guide issued by the California Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements of Claims and Fiscal Reports are free of material misstatements. 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 significant estimates made by management, as well as evaluating the overall presentation of the Statements of Claims and Fiscal Reports. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statements of Claims and Fiscal Reports present fairly, in all material respects, the program expenditures, program funds received, and fiscal year reimbursements for the fiscal year ended June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the Statements of Claims and Fiscal Reports that collectively comprise the County's Statement of Claims and Fiscal Reports as a whole. The accompanying schedule of expenditures of federal and state awards, combining schedule of activities, combining schedule of expenditures by state categories, and combining schedule of administrative costs are presented for purposes of additional analysis and are not required parts of the Statements of Claims and Fiscal Reports. The schedule of expenditures of federal and state awards, combining schedule of activities, combining schedule of expenditures by state categories, and combining schedule of administrative costs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the Statements of Claims and Fiscal Reports. The information has been subjected to the auditing procedures applied in the audit of Statements of Claims and Fiscal Reports (and in conformity with the CDE Audit Guide issued by the California Department of Education), including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Statements of Claims and Fiscal Reports or to the Statements of Claims and Fiscal Reports themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the Statements of Claims and Fiscal Reports taken as a whole.

This report is intended solely for the information and use of the County of San Diego and for filing with the California State Department of Education in connection with the contracts to which it refers, and should not be used for any other purposes.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
November 1, 2011

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Child Care Development Fund
Project No.: 37-2001-00-0
Contract No.: CLPC-0035

Statement of Claims
Fiscal Year 2010-2011

Program Expenditures:

Administrative and support services costs	<u>\$ 109,221</u>	
Total Expenditures		\$ 109,221

Program Funds Received:

State of California	72,623	
Funds used to satisfy MOE requirement	21,750	
Other: Interest earned on State advances	<u>2,918</u>	
Total Funds Received		<u>97,291</u>
Program Funds Due to the County (Due to the State)		<u><u>\$ 11,930</u></u>

The accompanying notes are an integral part of these financial statements

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Child Care Development Fund
Project No.: 37-2001-00-0
Contract No.: CRET-0033

Statement of Claims
Fiscal Year 2010-2011

Program Expenditures:

Administrative and support services costs	<u>\$ 749,529</u>	
Total Expenditures		\$ 749,529

Program Funds Received:

State of California	743,821	
Other: Interest earned on State advances	<u>617</u>	
Total Funds Received		<u>744,438</u>
Program Funds Due to the County (Due to the State)		<u><u>\$ 5,091</u></u>

The accompanying notes are an integral part of these financial statements

**AUDITED FISCAL REPORT
for Child Development Support Contracts**

Agency Name: County of San Diego Health and Human Services Agency Vendor No. 2001

Fiscal Year End: June 30, 2011 Contract No. CLPC-0035

Multi-Year Contract? (Check "No" Box or Enter Contract Period): No: or Period: _____

Independent Auditor's Name: Moss, Levy & Hartzheim, LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Match Requirement	\$ -	\$ -	\$ -	\$ -
County Maintenance of Effort (EC 8279)		21,750		21,750
Other (Specify):				
Subtotal		21,750		21,750
INTEREST EARNED ON APPORTIONMENTS		2,918		2,918
UNRESTRICTED INCOME				
Other (Specify):				
TOTAL REVENUE		\$ 24,668	\$ -	\$ 24,668

SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$ -	\$ -	\$ -	\$ -
2000 Classified Salaries		18,280		18,280
3000 Employee Benefits		9,922		9,922
4000 Books and Supplies				
5000 Services and Other Operating Expenses		81,019		81,019
6100/6200 Other Approved Capital Outlay				
6400 New Equipment (<i>program-related</i>)				
6500 Replacement Equipment (<i>program-related</i>)				
Depreciation or Use Allowance				
Indirect Cost Rate Percentage:				
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ -	\$ 109,221	\$ -	\$ 109,221
TOTAL ADMINISTRATIVE COST (<i>included in section II above</i>)	\$ -	\$ 4,727	\$ -	\$ 4,727

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES-Check this box and omit next page 2 if there are no supplemental revenues or expenses to report.

The accompanying notes are an integral part of these financial statements

**AUDITED FISCAL REPORT
for Child Development Support Contracts**

Agency Name: County of San Diego Health and Human Services Agency Vendor No. 2001

Fiscal Year End: June 30, 2011 Contract No. CRET-0033

Multi-Year Contract? (Check "No" Box or Enter Contract Period): No: or Period: _____

Independent Auditor's Name: Moss, Levy & Hartzheim, LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Match Requirement	\$ -	\$ -	\$ -	\$ -
County Maintenance of Effort (EC 8279)				
Other (Specify):				
Subtotal				
INTEREST EARNED ON APPORTIONMENTS		617		617
UNRESTRICTED INCOME				
Other (Specify):				
TOTAL REVENUE		\$ 617	\$ -	\$ 617

SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$ -	\$ -	\$ -	\$ -
2000 Classified Salaries		18,280		18,280
3000 Employee Benefits		9,922		9,922
4000 Books and Supplies				
5000 Services and Other Operating Expenses		721,327		721,327
6100/6200 Other Approved Capital Outlay				
6400 New Equipment (<i>program-related</i>)				
6500 Replacement Equipment (<i>program-related</i>)				
Depreciation or Use Allowance				
Indirect Cost Rate Percentage:				
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ -	\$ 749,529	\$ -	\$ 749,529
TOTAL ADMINISTRATIVE COST (<i>included in section II above</i>)	\$ -	\$ 9,321	\$ -	\$ 9,321

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES-Check this box and omit next page 2 if there are no supplemental revenues or expenses to report.

The accompanying notes are an integral part of these financial statements

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2011

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

The County of San Diego is a political subdivision of the State of California (State) and is governed by an elected Board of Supervisors. As such, it can exercise the powers specified by the Constitution and Statutes of the State. The Health and Human Services Agency is a department within the County of San Diego and operates the California State Department of Education Child Development Programs within the County.

The accompanying financial statement presentations relate to the County of San Diego Health and Human Services Agency operations and include only selected data that is required to be reported to the California State Department of Education, pursuant to Contract Nos. CLPC-0035 and CRET-0033. In accordance with criteria adopted by the Governmental Accounting Standards Board (GASB), the entire operation of the County of San Diego Health and Human Services Agency is included in the County of San Diego's Comprehensive Annual Financial Report.

B. General Program Information

The County of San Diego Health and Human Services Agency administered the following California State Department of Education Child Development Programs during the fiscal year ended June 30, 2011: Local Child Care Planning Council and Child Care Staff Retention Program.

The Local Child Care Planning Council was established to develop a comprehensive long range plan for a broad spectrum of childcare and development services. Items that may be addressed by the council include the expansion of care for all children with childcare and development needs within the County and the development of strategies and mechanisms for upgrading the quality of care.

The Child Care Staff Retention Program (CRET-0033) was established to retain qualified child care employees, who work directly with children who receive subsidized care, in State subsidized, center-based programs.

C. Basis of Presentation

The Statements of Claims and Fiscal Reports, Schedule of Activities, Schedule of Expenditures by State Categories, and Schedule of Reimbursable Administrative Costs were prepared from the accounts and transactions of the County. The statements summarize revenues, expenditures, and matching funds recorded by the County for the fiscal year ended June 30, 2011 and follow the formats prescribed by the California State Department of Education.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2011

Note 1 Summary of Significant Accounting Policies (Continued)

D. Method of Accounting

Prior to July 1, 2000, the County used the modified accrual basis of accounting for the Statements of Claims and Fiscal Reports, Schedule of Activities, Schedule of Expenditures by State Categories, and Schedule of Administrative Costs. The Program began to utilize the accrual basis of accounting in fiscal year ended June 30, 2001. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Note 2 Administrative Expenditures and Support Costs

Costs related to the administration of the child development programs are reported as administrative expenditures on the Statement of Claims. The administrative expenditures consist of administrative and support services costs. For the fiscal year ended June 30, 2011, such costs consisted of the following:

	Administrative	Support	Total
CLPC-0035			
Salaries and benefits	\$ 4,230	\$ 23,972	\$ 28,202
Services and other operating expenses		80,522	80,522
Audit fee	497		497
Total	\$ 4,727	\$ 104,494	\$ 109,221
CRET-0033			
Salaries and benefits	\$ 4,230	\$ 23,972	\$ 28,202
Services and other operating expenses		716,236	716,236
Audit fee	5,091		5,091
Total	\$ 9,321	\$ 740,208	\$ 749,529

Note 3 Maintenance of Effort Requirement

The County satisfied its Maintenance of Effort requirement of \$21,750 for contract number CLPC-0035. The amount retained by the County's Child Development Programs was \$0. The amount spent on administrative and support costs was \$109,221 which is more than 100% of the required Maintenance of Effort.

Note 4 Interest Earned on State Advances

Interest was calculated, based on County cash investment yields applied to amounts advanced from the State that were outstanding during the period. Amounts earned by the County were retained and reported in accordance with the Contract Funding Terms and Conditions, which are recorded in the County's General Fund. Interest earned must be used for Child Development Program expenditures.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2011

Note 5 Fiscal Year Reimbursable Earnings

Fiscal year reimbursable earnings are the lesser of the contract amount or total expenditures incurred during the fiscal year in the provision of child care and development services for subsidized children, reduced by disallowed costs and restricted income.

Note 6 Amount Due to/(from) the State

The amount of program funds due to the State:

CLPC-0035	\$	-
CRET-0033		<u>(5,091)</u>
Total	\$	<u><u>(5,091)</u></u>

There is no due to/(from) the State for CLPC-0035 because the County received the maximum contract amount for the fiscal year 2010/2011 and the County had expenses greater than the contract amount.

Note 7 Contingency

The County has received federal and other governmental funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. No material amounts are currently payable. Loss of governmental support would have a significant impact on the County's ability to provide its program services.

An IRS notice of proposed civil penalty was sent to the County for 1099 information forms issued for the 2009 tax year. The County has appealed this penalty. These notices have been received annually for the past tax years. These proposed penalties occur in cases where the County's filed information returns have Tax Payer Identification Numbers that do not match IRS records. The County has contested these penalties and penalties have been waived for some recent years. The range of proposed penalties has been small, below \$7,000 in recent years. There has been no IRS notification yet for the tax year 2010 filings.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2011

Grantor	Federal CFDA Number	Grantor's Number	Award Amount		Expenditures	
			Federal	State	Federal	State
U.S. Department of Health and Human Services:						
Pass through California Department of Education:						
Child Care and Development Fund (CCDF):						
CCDF Local Child Care and Development Planning Council	93.575/93.596	CLPC-0035	\$ 72,623	\$ -	\$ 72,623	\$ -
CCDF Salary/Retention Incentive Program	93.575/93.596	CRET-0033	682,719	71,147	678,382	71,147
Total			<u>\$ 755,342</u>	<u>\$ 71,147</u>	<u>\$ 751,005</u>	<u>\$ 71,147</u>

Notes: Maintenance of Effort funds of \$21,750 were received from the County of San Diego and expended on the Local Planning Council Program in accordance with the County and Child Development Division.

Some amounts presented in this schedule may differ from amounts presented in the Statement of Claims, Audited Fiscal Reports, and combining schedules as this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Combining Schedule of Activities
Fiscal Year 2010-2011

	CLPC-0035	CRET-0033	Totals
<u>Revenue and Support</u>			
Government contracts:			
Child care programs	\$ 72,623	\$ 743,821	\$ 816,444
Subtotal government contracts	72,623	743,821	816,444
Maintenance of effort	21,750		21,750
Interest earned on State advances	2,918	617	3,535
Total Revenues	24,668	617	25,285
Total Revenues and Support	97,291	744,438	841,729
<u>Expenses</u>			
Classified Salaries:			
Office personnel	18,280	18,280	36,560
Employee benefits	9,922	9,922	19,844
Books and supplies			
Provider payments			
Legal, audit, and accounting	497	5,091	5,588
Other operating expenses	80,522	716,236	796,758
Indirect costs			
Total Expenses	109,221	749,529	858,750
Excess (deficiency) of support, revenues, and expenses	\$ (11,930)	\$ (5,091)	\$ (17,021)

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Combining Schedule of Expenditures by State Categories
For the Fiscal Year Ended June 30, 2011

Expenditures	CLPC-0035	CRET-0033	Total CDE CD Contracts
Direct payments to providers	\$ -	\$ -	\$ -
1000 Certificated salaries			
2000 Classified salaries	18,280	18,280	36,560
3000 Employee benefits	9,922	9,922	19,844
4000 Books and supplies			
5000 Services and other operating expenses	81,019	721,327	802,346
Indirect costs			
Total expenditures	<u>\$ 109,221</u>	<u>\$ 749,529</u>	<u>\$ 858,750</u>

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Combining Schedule of Reimbursable Administrative Costs
Fiscal Year 2010-2011

	<u>CLPC-0035</u>	<u>CRET-0033</u>	<u>Totals</u>
Reimbursable Administrative Costs:			
Administrative salaries	\$ 2,742	\$ 2,742	\$ 5,484
Employee benefits	1,488	1,488	2,976
Audit and legal	497	5,091	5,588
Indirect costs			
 Total Administrative Costs	 <u>\$ 4,727</u>	 <u>\$ 9,321</u>	 <u>\$ 14,048</u>



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**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***

Health and Human Services Agency
County of San Diego
San Diego, California

We have audited the accompanying Statements of Claims and Fiscal Reports of the County of San Diego Health and Human Services Agency (County) for the California State Department of Education Child Development Program (Project No. 37-2001-00-0, and Contract Nos. CLPC-0035 and CRET-0033) as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weaknesses is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's Statement of Claims and Fiscal Reports will not be prevented, or detected and corrected on a timely basis.

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

Compliance

As part of obtaining reasonable assurance about whether the County's Statements of Claims and Fiscal Reports 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 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*.

This report is intended solely for the information and use of the County, management, and the California State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
November 1, 2011

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 1 – Summary of Audit Results

Financial Statements

1. The Independent Auditor's Report on the Statements of Claims and Fiscal Reports of the County of San Diego Health and Human Services Agency (County) for the California State Department of Education Child Development Program (Project No. 37-2001-00-0, and Contract Nos. CLPC-0035 and CRET-0033) expressed an unqualified opinion.
2. Internal control over financial reporting:
 - a. No material weaknesses identified
 - b. No significant deficiencies identified
3. Compliance:
 - a. No reportable instance of noncompliance identified

Section 2 – Financial Statement Findings

No findings noted

Section 3 – Compliance Findings and Questioned Costs

No findings noted

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 4 – Status of Prior Year Findings

2010-1 Finding – Forms were not completed properly and/or timely or sufficient documentation was not present to support the forms:

During our review of client files, we noted that out of 30 client files the following client files had incomplete or insufficient documentation:

For two client files, the confidential applications were not properly signed by the authorized agency representative.

For one client file, the parent agreement was not signed by the case worker.

For three client files, there was insufficient supporting documentation for the income eligibility verification.

For two client files, the child care certificates did not have information pertaining to the child care approved schedule. Additionally, for one of the client files, the pay rate to be paid was not stated on the child care certificate.

For two client files, updated child care certificates were not present to support the pay rates that were used to calculate the payment amounts to the service providers.

For one client file, the attendance sheet did not contain the initials of the provider for a child that left to attend school during child care hours. Additionally, the provider incorrectly completed the times for the hours that the child attended school.

For two client files, the hours of service to be provided on the child care certificate did not coincide with the hours stated on the attendance sheet. Additionally, for one of these client files, we could not recalculate the hours of service provided based on the attendance sheet.

For one client file, the hours stated on the child care certificate were incorrectly calculated.

For one client file, the child care certificate was issued after the effective date.

For one client file, the family income was calculated using bi-weekly pay periods instead of semi-monthly pay periods (the client's eligibility and family fee were not affected by the error.)

Effect:

The County could over/under pay for services if the required forms are not completed properly and timely.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 4 – Status of Prior Year Findings (Continued)

2010-1 Finding – Forms were not completed properly and/or timely or sufficient documentation was not present to support the forms (Continued):

Recommendation:

We recommend that the County's staff review all forms in order to verify that forms are completed properly and timely, to ensure that all required forms/documents are obtained, and to ensure that the service providers are being paid the correct amounts.

Status:

This finding is in regards to Child Development Programs that the County has terminated (The County terminated the Child Development Programs for the CAPP, C2AP, and C3AP with an effective date of January 4, 2010).

2010-2 Finding – Family fee was incorrectly calculated:

During our review of client files, we noted two out of 30 client files that had incorrectly calculated family fees:

For one client file, we noted that a family fee was not assessed for a client that was required to pay a family fee (undercharged family fee of \$17).

For one client file, the family fee was incorrectly calculated (there was no over/undercharging of family fees for the client selected for testing as the client's sibling was assessed with the family fee).

Effect:

The County assessed incorrect family fees which resulted in the County overpaying the respective service provider with Federal/State funds.

Recommendation:

We recommend that the County ensure that all family fees are calculated correctly and are reviewed for accuracy by authorized personnel.

Status:

This finding is in regards to Child Development Programs that the County has terminated (The County terminated the Child Development Programs for the CAPP, C2AP, and C3AP with an effective date of January 4, 2010).

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 4 – Status of Prior Year Findings (Continued)

2010-3 Finding – Payment calculations were incorrectly calculated:

During our review of client files, we noted nine out of 30 client files that had incorrect calculations:

For two client files, the attendance sheets were incorrectly calculated. One client's provider was underpaid by 10.48 hours (\$34.59) and the second client's provider was overpaid by 10.5 hours (\$34.65).

For two client files, the child care certificate stated a specified rate, but the providers were paid at a higher rate. Additionally, the rates used exceeded the County's allowable payment rate. One provider was overpaid by \$82.80 and the second provider was overpaid by \$263.07.

For one client file, the child care certificate should have stated a full time daily rate, but the certificate stated an hourly rate. Due to this, the provider was paid at an hourly rate. Based on using the regional market rate ceiling rate of \$36.35 for the full time daily rate, the underpaid amount to the provider could be up to \$147.15.

For one client file, the child care certificate should have stated an hourly rate, but the certificate stated a part time weekly rate. Due to this, the provider was paid at the part time weekly rate. Based on using the regional market rate ceiling rate of \$3.30 per hour, the overpaid amount would be \$107.93.

For three client files, the number (and/or types of week e.g. full time and part time) of weeks of service provided were incorrectly calculated, which resulted in an underpayment of \$46.65, an overpayment of \$20.40, and an underpayment of \$20.40.

Effect:

The County over/under paid for services that were provided by these service providers.

Recommendation:

We recommend that the County's staff review all payment calculations to ensure that the service providers are paid the correct amount.

Status:

This finding is in regards to Child Development Programs that the County has terminated (The County terminated the Child Development Programs for the CAPP, C2AP, and C3AP with an effective date of January 4, 2010).

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 4 – Status of Prior Year Findings (Continued)

Compliance Findings and Questioned Costs

2010-4 Finding – Sufficient subcontractor monitoring documentation was not provided (CLPC-9035):

During our review of the CLPC-9035 contract, we noted that the County subcontracts with a public agency to provide services under the contract, but the County did not complete its subcontract monitoring procedures. An in depth review of the invoices submitted by the public agency for the services provided by the public agency under the subcontract was not performed.

Criteria:

In order to determine that the subcontractor is complying with the performance of services (as stated in Section IV of the Contract Funding Terms and Conditions), monitoring of the subcontractor should be performed by the contractor.

Questioned Cost:

\$149,718 (total subcontract expenses incurred)

Effect:

Sufficient supporting documentation to verify the performance of the services provided by the subcontractor was not provided.

Recommendation:

We recommend that the County perform a review of the invoices for services provided by the subcontractor and retain supporting documentation of the monitoring procedures performed.

Status:

Implemented