

COUNTY OF EL DORADO

**Management Report
For the Year Ended June 30, 2005**

COUNTY OF EL DORADO

Management Report For the Year Ended June 30, 2005

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To the Honorable Members of the
Board of Supervisors of the County of El Dorado
Placerville, California

In planning and performing our audit of the basic financial statements of the County of El Dorado (County) for the fiscal year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control and its operation that we considered to be material weaknesses as defined above.

We previously reported on the County's internal control in our report dated November 17, 2005. This letter does not affect our report dated November 17, 2005 on the financial statements of the County of El Dorado. However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency and immaterial instances of noncompliance with the requirements of laws, regulation, contracts, and grants. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

This report is intended for the use of management, the Board of Supervisors, the Grand Jury and officials of the federal and state grantor agencies.

We thank the County's staff for its cooperation during our audit.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

Roseville, California
November 17, 2005

COUNTY OF EL DORADO

Management Comments
For the Year Ended June 30, 2005

ALL DEPARTMENTS

APPROVAL OF TIMESHEETS BY SUPERVISORS

Condition

During our examination of payroll disbursements, we noted that two of the timesheets examined had not been approved by a supervisor. During an additional examination of timecard authorizations, we noted two more timesheets that had not been approved by a supervisor. In most of these cases, there was no space on the timesheet designated for supervisor authorization.

Effect of Condition

Employees cannot be held accountable for hours worked and vacation/sick hours used unless those timesheets are approved by their supervisor. All timesheets should be signed by a supervisor to verify that the hours being claimed by employees are accurate.

Recommendation

We recommend that supervisors on a regular basis approve all timesheets. The departments should not enter time into the payroll system if the timecard has not been reviewed and signed by the employee's supervisor. We also recommend modifying timesheets, if necessary, to include a line for supervisor authorization.

Management Response

After being informed of this issue when discovered during the audit, the CAO directed all department heads to have supervisors sign (not initial) the time sheets for their subordinate staff. In addition, departments have changed their time cards to include a line for the supervisor's signature.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558 Income Eligibility Verification System (IEVS)

Criteria

As required by Section 1137 of the Social Security Act, income and benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance.

Condition

We tested twenty-nine cases from the Temporary Assistance to Needy Families (TANF) program and noted that three cases did not contain an IEVS for one assisted member of the family and one case did not have an IEVS for two assisted members of the family.

Questioned Costs

None.

Perspective

An IEVS is required for each assisted member of the family. Five individuals did not have an IEVS. To determine the error rate, we assume an average, assisted family consists of 3.5 individuals. Therefore, the error rate is 5 missing IEVS / (29 tested cases x 3.5 assisted members of the family) = 4.926%.

Effect of Condition

The IEVS system is an elaborate, federally-mandated system which compiles government information for the purpose of tracking federal program eligibility data. Not requesting and using IEVS in eligibility determinations might result in individuals receiving benefits to which they are not entitled.

Recommendation

We recommend that a review process be implemented to see that IEVS are requested, reviewed, compared to the case record, and used in determining eligibility for TANF benefits. We note that during the audit for the year ended June 30, 2004, our testing showed that one case did not have an IEVS for two assisted members of the family.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558 Income Eligibility Verification System (IEVS) (continued)

Management Response

The Department concurs with the recommendation.

Corrective Action Plan

ISAWS computer generated screens for program application processing include IEVS checklist for all family/AU members. Regulations require that IEVS be used to verify client's stated assets, SSN number, receipt of UIB, DIB benefits and accounts. IEVS are then signed and dated by the eligibility staff member who clears the IEVS.

Focus will be placed on Eligibility Assistance Standards Sec. 20-006.4, which states that eligibility determinations will not be delayed, but compliance with clearing IEVS must occur within 45 days.

A 'flag' will be created by an Office Assistant II, for use in all cases at application and add persons to visually remind staff that IEVS must be cleared prior to the 45 day compliance date.

The Eligibility Worker will place this flag with the date IEVS is ordered into the paper case. The Eligibility Worker will set an internal computer 'alert' for expected date of receipt of IEVS report, and the Eligibility Worker will complete this flag when IEVS is cleared, within 45 days.

Eligibility Supervisor will check cases at authorization of benefits for compliance.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558 **Proof of Birth, Age and Citizenship**

Criteria

The California State Department of Social Services in administrating the California State Plan for Temporary Assistance for Needy Families (TANF) adopted regulations for the administration of the State Plan and published these regulations in the *California Department of Social Services Manual of Policies and Procedures*. These regulations require that an individual applying for TANF provide a birth certificate or other enumerated, alternate documents to show birth, age and citizenship.

Condition

We tested twenty-nine TANF cases and noted that three TANF cases did not contain a birth certificate for at least one assisted member of the family. None of the cases had other enumerated, alternate documents, under the *California Department of Social Services Manual of Policies and Procedures*, to show birth, age and citizenship.

Questioned Costs

None.

Perspective

A birth certificate or other, alternate document is required for each assisted member of the family. Three individuals did not have such documentation in the file. To determine the error rate, we assume an average, assisted family consists of 3.5 individuals. Therefore, the error rate is $3 \text{ missing IEVS} / (29 \text{ tested cases} \times 3.5 \text{ assisted members of the family}) = 3.0\%$.

Effect of Condition

Legitimate birth certificates or acceptable alternatives provide vital and reliable information about the applicant. Without such documents to prove applicant's birth, citizenship and age, fraud in the number of individuals in a family, critical age of children, and citizenship may be difficult to detect and individuals might be granted TANF benefits to which they are not entitled under federal law.

Recommendation

We recommend that a checklist and/or review process be implemented to see that birth certificates are received for all applicants for Temporary Assistance for Needy Families.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558

Proof of Birth, Age and Citizenship (continued)

Management Response

The Department concurs with the recommendation.

Corrective Action Plan

CalWORKS applications (new applications and add-persons) require birth verification be requested if not received at interview or application, and a total of 90 days given for receipt from client.

A “flag” will be created by an Office Assistant II and required in all CalWORKS program applications and add/person applications for visual follow-up by the Eligibility Worker. A computer ‘alert’ will be set by verification due date by Eligibility Worker. Refresher training will be given to the Eligibility Workers in the CalWORKS Unit by the Eligibility Supervisor, in regards to regulations found at 42-433. Eligibility Supervisor will check for compliance at authorization of benefits.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558 Sixty-Month, Time-on-Aid Limit

Criteria

Any family that includes an adult, minor child head of household or a spouse of the head of household who has received assistance under any State program funded by federal TANF funds for sixty months (whether or not consecutive) is ineligible for additional federally funded TANF assistance. Certain exemptions apply in counting the months on Federal TANF assistance. The County's policy for tracking this sixty-month, time-on-aid limit is that the eligibility worker must complete the ISAWS screens upon renewal. As well, WDTIP system automatically generates a report at fifty-four months to notify that time on aid is about to expire.

Condition

We tested twenty-nine case files and noted one case where tracking for the sixty-month, time-on-aid limit had not been performed. We reviewed the status and noted that the renewal had occurred, but that the ISAWS screens were not, then, completed in compliance with County procedures.

Questioned Costs

None

Effect of Condition

Not completing the sixty-month, time-on-aid tracking can result in individuals receiving federal TANF assistance for more than sixty months in violation of federal law.

Recommendation

We recommend that the County review its current system of ensuring that the sixty-month, time-on-aid limit is not exceeded and determine whether or not training and/or a revision to the system should be implemented. During the audit for the year ended June 30, 2004, we noted two exceptions to the sixty-month, time-on-aid requirements.

Management Response

The Department concurs with the recommendation.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558
Sixty-Month, Time-on-Aid Limit (continued)

Corrective Action Plan

An adhoc report will be requested from the Eligibility System Support staff identifying any CalWORKS case that does not have AETIME/AECLDR computer screens completed for each aided adult. Exceptions to the time tracking must also be coded on these screens.

Follow-up training and clarification will be provided by the CalWORKS Eligibility Supervisor to CalWORKS staff by 4/30/06.

Compliance will be checked at authorization by Eligibility Supervisor on an on-going basis.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558 **Assistance to Aliens**

Criteria

Qualified aliens, as defined at 8 USC 1641b, entering the United States on or after August 22, 1996, are not eligible for Federal public benefits, as defined in 8 USC 1611(c), for a period of five years beginning on the date of the alien's entry into the United States, unless they meet an exception at 8 USC 1612(b)(2) or 1613.

One category, which makes a person a qualified alien, and begins the five year disqualification period, is being a lawful permanent resident. All County Information Notice I-71-00, § 2.2.17. The Immigration Reform Control Act (IRCA) mandates that immigration status of each noncitizen must be verified with Immigration and Naturalization Service (INS) as a condition of eligibility. The Systematic Alien Verification for Entitlements (SAVE) is the system designated by INS to provide alien information. All County Information Notice I-71-00, § 2.4.

Condition

We tested twenty-nine cases and reviewed one documented alien case, where it did not appear that an assisted member of the family had been in the United States for the required five years. The Immigration and Naturalization Service SAV103 showed her date of entry into the United States as June 15, 2001. This individual, in fact, moved to the United States as a young child in 1987. However, she did not become a lawful permanent resident in 1987. She received TANF benefits beginning October 2004. The time between June 15, 2001 and October 2004 is forty months.

We believe that the date of entry shown on the SAV103 controls and that this client became a qualified alien when she became a legal permanent resident on June 15, 2001. We do not believe that the fact that this individual was in the United States in 1987 had any effect.

Questioned Costs

Any questioned costs would be very minimal because the client's children would still be eligible for TANF and the incremental assistance for the alien mother would be approximately \$135 per month.

Effect of Condition

It appears that no exception is available and that the client received federally-funded TANF benefits to which she was not eligible.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558

Assistance to Aliens (continued)

Recommendation

We recommend that the County undertake an effort to determine whether or not the date of entry as shown on the Immigration and Naturalization Service SAV103 controls in this case. If the date of entry on the INS SAV103 controls, we recommend that the County provide training to its eligibility staff and that, if applicable, any affected policies and procedures be corrected.

Management Response

Management has already contacted the State analyst for clarification. The State analyst contacted the manager to let her know that, lacking any other documentation, the date on the I-551 card would have to be used as the date of legal residency.

When this clarification is received in writing from the State, it will be published to the Eligibility Supervisors, who will in turn publish it, along with providing a training session to their Eligibility Workers who specialize in the non-citizen caseload.

This case will be reclassified to Aid Code 3L, from Aid Code 30, not later than May 2006.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

SECTION 8 HOUSING CHOICE VOUCHERS – CFDA 14.871 **Reasonable Rent**

Criteria

The County's plan must state the method used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The County's "reasonable rent" determination must consider unit attributes such as the location, quality, size, unit type, and age of the unit, and any amenities, housing services, maintenance and utilities provided by the owner. The County must determine that the rent to owner is reasonable at the time of initial leasing and during the term of the contract: (a) before any increase in the rent to owner; and (b) at the HAP contract anniversary if there is a five percent decrease in the published Fair Market Rent (FMR) in effect 60 days before the HAP contract anniversary. The County must maintain records to document the basis for the determination that rent to owner is a reasonable rent. 24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507.

Condition

We tested twenty-three cases and noted that in one case the file did not contain documentation evidencing that the rent charged by the owner was reasonable.

Questioned Costs

Undetermined

Effect of Condition

If reasonable rents is not documented, federal funds might be used to pay rents in excess of fair market value. Without the reasonable rent requirement, Section 8 tenants might offer to pay a higher rent than the owner requests for the purpose of influencing the owner to select them as the tenant over other applicants who might appear more desirable.

Recommendation

We recommend that the Department review their procedures to determine if this omission to document reasonable rent was due to a defect in the design or operation of internal controls or if this is simply an isolated instance of noncompliance. We further recommend that the County, if applicable, take corrective action to improve controls on this issue.

Management Response

The Department concurs with the recommendation.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

SECTION 8 HOUSING CHOICE VOUCHERS – CFDA 14.871

Reasonable Rent (continued)

Corrective Action Plan

The Department reviewed its procedures and found that the one case lacking adequate review was due to staff oversight. In order to ensure this does not happen in the future the PHA will take corrective action to improve the control process in this matter by having both Housing Coordinators review all files with rent increase requests monthly. The PHA Manager will then review quarterly a percentage of previously reviewed files to ensure accuracy in file review.

COUNTY OF EL DORADO

Management Comments – Single Audit
For the Year Ended June 30, 2005

TEMPORARY ASSISTANCE TO NEEDY FAMILIES – CFDA 93.558 Fiscal Review of Contract Provisions and Invoices

Criteria

When the underlying contract provides that specific documentation of services must be provided to the County, good internal controls over the validity of billings requires that payment be withheld until that specific documentation is provided.

Condition

We randomly-selected twenty-nine invoices and payroll charges and, also, judgmentally-selected five other invoices. One of these items tested was for Welfare to Work services provided to TANF clients (“WTW Provider”). We requested and reviewed the contract with the WTW Provider. The contract stated that the WTW Provider would provide an itemization of services. The invoice did not have this itemization of services attached. We inquired why the itemization was not requested and were informed that the probable cause was that the person who formerly reviewed these invoices had departed the County’s employment.

Effect of Condition

The WTW expenditures are more likely to be of questionable validity when the vendor does not detail out the services performed.

Recommendation

We recommend that this WTW Provider be required to furnish the itemization of services as agreed. We further recommend that in the future this WTW Provider’s invoices and similar invoices be subject to review for this criteria prior to payment of the invoice.

Management Response

The Department concurs with the recommendation.

Corrective Action Plan

Staff assigned to this WTW Provider have been properly trained to look for invoices with an itemization of services, and are currently submitting those invoices for review/approval prior to them being sent to Accounting for payment. The Employment and Training Program Manager will reject any future invoices that do not have a listing of itemized services.

COUNTY OF EL DORADO

Status of Prior Year Recommendations
For the Year Ended June 30, 2005

Recommendations	Status
AUDITOR-CONTROLLER	
County Land Parcel Listing	
We recommend the County perform the following:	
<ul style="list-style-type: none">• Compile a detailed property record for all land parcels owned by the County.• Develop a process whereby all land sale transactions are reported to the Auditor's Office to ensure that the detailed records are updated properly and the County's accounting records are not overstated.	Implemented
HUMAN RESOURCES	
Personnel File Maintenance	
We recommend that Federal Form I-9 be completed for each new hire within three business days of the employee's hire date.	Implemented
SOLID WASTE MANAGEMENT	
Waste Management Reporting	
We recommend that the County take corrective action to file revised cost estimates for the previous years. Additionally, we recommend that the County calculate liability estimates and file annual reports in future years.	Implemented

COUNTY OF EL DORADO

Status of Prior Year Recommendations – Single Audit
For the Year Ended June 30, 2005

Recommendations	Status
<p>Food Stamps - CFDA 10.551 and 10.561 Foster Care – Title IV-E - CFDA 93.658 Temporary Assistance for Needy Families - CFDA 93.558</p> <p>During the single audit for the year ended June 30, 2004, we tested the PIN codes (sometimes referred to as time study codes) which were recorded by employees against the compilation of the hours for input into the County Expense Claim. We noted that one time study showed 40 hours worked under PIN code 911, but this time was input into the compilation of hours as PIN code 901. We noted that another continuous time study showed three months, totaling 214 hours, but was input as if the time study was a mid-month of the quarter time study as only 94 hours.</p> <p>We recommend that the Department review these errors to determine if they are (1) isolated instances of noncompliance; or (2) procedures can be implemented to prevent their recurrence.</p> <p>Current Status: No errors of this type were located in testing in the current year. The County's response last year was that they believe the errors noted were isolated exceptions. We concur with this determination.</p>	Implemented
<p>Temporary Assistance for Needy Families – CFDA 93.558 60-Month Time Limit</p> <p>We recommend that the County review the current system of ensuring that the 60-month time-on-aid, TANF limit is not exceeded and determine whether or not these exceptions are isolated instances of noncompliance or the system of controls should be revised.</p> <p>Current Status: We noted further exceptions in this area during the current year audit. The County has provided a corrective action plan on these further exceptions, which is set forth above.</p>	Partially Implemented.
<p>Temporary Assistance for Needy Families – CFDA 93.558 Income Eligibility and Verification System (IEVS)</p> <p>We recommend that the County review the IEVS exceptions and determine if they are isolated instances of noncompliance or a review process should be implemented to see that IEVS are requested, reviewed, compared to the case record, and used in determining eligibility for TANF benefits.</p>	

COUNTY OF EL DORADO

Status of Prior Year Recommendations – Single Audit
For the Year Ended June 30, 2005

Recommendations	Status
Temporary Assistance for Needy Families – CFDA 93.558 Income Eligibility and Verification System (IEVS) (continued)	
Current Status: We noted further exceptions in this area during the current year audit, which are described above. The County has provided a corrective action plan on these further exceptions, which is set forth above.	Partially Implemented.