COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

May 14, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **AUDIT REPORT ON COUNTY GRANT OPERATIONS**

Enclosed is the grant compliance audit report on Los Angeles County's operations for fiscal year 2000-2001. The audit was performed by the independent accounting firm KPMG.

Federal law requires the County to have an annual audit of all federal assistance received by the County. This year, the audit, termed the Single Audit, covered federal assistance exceeding $3 billion.

The audit report includes a summary of federal financial assistance. The audit report also includes comments regarding: (1) compliance with certain laws, regulations, contracts, and grants related to federal assistance programs and (2) a study and evaluation of internal accounting and administrative controls.

No material non-compliance or internal control weaknesses were noted and there were no questioned costs.

Copies of this report are also being sent to the various County departments, as appropriate.

JTM-JN-leh
Admin\single audit 0-01
Enclosure

c: David E. Janssen
Violet Varona-Lukens
Audit Committee

COUNTY OF LOS ANGELES, CALIFORNIA
SINGLE AUDIT
FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS
FYE JUNE 30, 2001

(3) Findings and Questioned Costs Relating to Federal Awards

Finding 01-01 – Suspension and Debarment

Programs Affected

Aging Cluster: *Department of Health and Human Services (DHHS)*, Title VII – Elder Abuse Prevention (CFDA #93.041), Title VII – Ombudsman (CFDA #93.042), Area Agency on Aging III F (CFDA #93.043), Area Agency on Aging III B (CFDA #93.044), Area Agency on Aging III CI & CII (CFDA #93.045), and *Department of Agriculture (DOA)*, Area on Aging III USDA CI & CII (CFDA #10.570).

Foster Care: *Department of Health and Human Services (DHHS)*, AFDC – Foster Care – Administration & Assistance (CFDA #93.658), Children's Welfare Services Title IV-E (CFDA #93.658), Foster Parent Training (CFDA #93.658), Foster Family Licensing (CFDA #93.658), Group Home Month Visits – CWD (CFDA #93.658), Probation IV-E Administration & Assistance (CFDA #93.658).

Compliance Requirement

Nonfederal entities are prohibited from contracting with or making subawards under covered contract transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of $100,000 and all nonprocurement transactions (e.g., subawards to subrecipients). Contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals have not been subject to suspension and debarment proceedings (45 CFR 75).

Situation Noted

The respective County departments are not obtaining certificates of suspension and debarment from their subrecipients, which receive equal to or greater than $100,000 prior to making subawards. It was noted that in 100% of the subrecipients sampled, (e.g., twenty five (25) for each program selected for testwork), certificates of suspension and debarment could not be found in the subrecipient's file. We also noted that in 100% of the department's contracts selected for testwork, the contract did not contain specific language requiring suspension and debarment certifications.

Questioned Costs: None.

Recommendation

We recommend that the County department responsible for monitoring and obtaining certificates of suspension and debarment implement policies and procedures that require a signed certificate of suspension and debarment to be on file prior to making the subaward. We recommend that the CAO's Contracting and Purchasing Task Force distribute a memorandum to all County departments, County Counsel, and the County's Contracts and Grants sections mandating a suspension and debarment clause in all County contracts with subrecipients/subcontractor vendors and for all contracts receiving individual awards of $100,000 or more in federal and state funding.

County's Response

The Auditor-Controller will notify County departments to include the "Suspension and Debarment" clause in contracts between the County and subrecipients and in contracts receiving individual awards of $100,000 or more in federal and State funding. In addition, the Auditor-Controller will work with the Chief Administrative Office, County Counsel, and Internal Services Department to develop standard contract language and a certification form that departments can incorporate in their future solicitations.

The Department of Community and Senior Services (CSS) agrees. As part of the Department's strategic planning process, CSS is currently updating the manner in which the Department handles all contracts. CSS will modify the Department's existing policies and procedures to include obtaining signed certificates of suspension and debarment from all subrecipients and for procurement contracts for goods and services in accordance with 45 CFR 75. These documents must be on file prior to awarding and executing all contracts. CSS will also incorporate language in all future contracts to include a federal suspension and debarment clause. These certificates will become a part of CSS contract compliance documents for all contracts commencing July 1, 2002.

The Department of Children and Family Services has referred this recommendation to County Counsel. With County Counsel concurrence, the Department's Contracts Section will include a suspension and debarment clause in all departmental contracts

with subrecipients/subcontractor-vendors receiving individual awards of $100,000 or more in federal and State funds.

Finding 01-02 – Subrecipient Single Audit Reports

Programs Affected

Foster Care: *Department of Health and Human Services (DHHS)*, AFDC – Foster Care – Administration & Assistance (CFDA #93.658), Children's Welfare Services Title IV-E (CFDA #93.658), Foster Parent Training (CFDA #93.658), Foster Family Licensing (CFDA #93.658), Group Home Month Visits – CWD (CFDA #93.658), Probation IV-E Administration & Assistance (CFDA #93.658).

Workforce Investment Act: *Department of Labor (DOL)*, Workforce Investment Act – Adult (CFDA #17.255), Workforce Investment Act – Youth (CFDA #17.255), Workforce Investment Act – Dislocated Work (CFDA #17.255), Workforce Investment Act – Response (CFDA #17.255).

Compliance Requirement

The County is responsible for monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements, ensures that the required audits are performed, and requires that prompt corrective action on any audit findings by the subrecipient (A-102 Common Rule).

Situation Noted

Foster Care: Twenty-one out of twenty-five subrecipients selected for testwork did not submit a copy of their single audit report for fiscal year 2000.

Workforce Investment Act: One out of twenty-five subrecipients selected for testwork did not submit a copy of their single audit report for fiscal year 2000.

In addition, in all cases tested, it was noted that federal funding was not suspended when the single audit report was not produced. We noted that each subrecipient receiving more than $300,000 per year is required to submit a copy of their Single Audit report to the County for each year in which they receive more than $300,000 in federal funding. Subrecipients that did not submit Single Audits were:

Foster Care:

Koinonia Homes

International FFA

Trinity Foster Care

Secure Transactions FFA

Serenity Infant Care

Family for Children Inc.

The Sycamores FFA

Children's Way

Dangerfield Inst FFA

Eggleston Youth Center

Florence Crittenton FFA

Teens Happy Home

Refugio Par Ninos

Personal Involvement Center

Inst Black Parenting

Hannahs House

Multicultural Services Center

Olive Crest FFA

Samadana FFA

McKinley Children's Center FFA

Walden Environment FFA

Workforce Investment Act:

Chicana Services

Questioned Costs: None.

Recommendation:

We recommend that the respective Program Administration (PA) enforce existing established policies and procedures by imposing appropriate sanctions on subrecipients that do not submit their A-133 Single Audit reports in a timely manner. By implementing this recommendation, the PA can properly review the subrecipient's Single Audit reports for financial information and internal control or compliance findings. If subrecipients are determined to be noncompliant, the PA will then be able to implement sanctions and more closely monitor those subrecipients that are not taking appropriate corrective action.

County's Response

Department of Children and Family Services Response

The California Department of Social Services, as the licensing agent for group homes, including the 21 group homes on which the test work was conducted, has the primary responsibility for ensuring federal compliance. However, to date, the State has not considered group homes to be subrecipients and therefore not subject to A-133 audits. The State has recently been advised that they may need to revise their current policy to consider group homes as subrecipients and, to this end, are in the process of finalizing requirements with the federal region. When the State promulgates regulations concerning A-133 audits for group homes, the county will comply with any state-mandated role assigned to counties and will also, assuming that the State reserves to itself all enforcement activities and sanctions concerning the failure to produce A-133 audits, notify the State immediately of any such violations that the county may identify.

Department of Community Senior Citizens Response

Department of Community and Senior Citizens agrees with the recommendation. This contractor, Chicana Services, has since submitted its single audit report for the specified period.

We have policies in place requiring all service providers to submit single audit reports based on OMB Circular A-133 guidelines. We will, however, reinforce our commitment to impose appropriate sanctions against contractors who do not submit, in a timely manner, their single audit reports to us. Some of these actions will include suspension of funds and if necessary, termination of the contract. We will also direct our program staff as part of their monitoring procedures to routinely verify that the audits are submitted and that any findings are remedied in a timely manner. These policies will be amended Department-wide and will be implemented for the fiscal period commencing July 1, 2002.

KPMG

COUNTY OF LOS ANGELES, CALIFORNIA

Single Audit Report

June 30, 2001

COUNTY OF LOS ANGELES, CALIFORNIA

Table of Contents

	Page
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	14
Schedule of Findings and Questioned Costs	15

355 South Grand Avenue
Suite 2000
Los Angeles, CA 90071-1568

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Board of Supervisors
County of Los Angeles, California:

We have audited the general purpose financial statements of the County of Los Angeles, California (the County) as of and for the year ended June 30, 2001 and have issued our report thereon, dated December 7, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

KPMG LLP. KPMG LLP, a U.S. limited liability partnership, is

This report is intended solely for the information and use of the County's Board of Supervisors and management, as well as officials of applicable 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.

KPMG LLP

December 7, 2001

355 South Grand Avenue
Suite 2000
Los Angeles, CA 90071-1568

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Board of Supervisors
County of Los Angeles, California:

Compliance

We have audited the compliance of the County of Los Angeles, California (the 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, 2001. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 01-01 and 01-02.

KPMG LLP. KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the County of Los Angeles, California as of and for the year ended June 30, 2001 and have issued our report thereon, dated December 7, 2001. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the County's Board of Supervisors and management, as well as officials of applicable 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.

KPMG LLP

December 7, 2001

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)		Grant funds expended
U.S. Department of Agriculture			
Direct program:			
Summer Food Service Program for Children	10.559		$ 588,180
Passed through the California Department of Aging:			
AAA III USDA CI	10.570	*	839,357
AAA III USDA CII	10.570	*	512,776
Total expenditures – 10.570			1,352,133
Passed through the California Department of Education:			
McClaren Hall Breakfast/Lunch Milk Program	10.553		177,384
Child Nutrition Program – School Lunch	10.555		4,026,086
Child Nutrition Program – School Breakfast	10.556		2,584,893
Passed through the California Department of Food and Agriculture:			
Shell Eggs Standard Enforcement	10.162		5,454
Passed through the California Department of Social Services:			
Food Stamps:			
Dollar Value of Food Stamps Issued	10.551	*	646,689,865
Food Stamp Program Administration – NAFS	10.561	*	83,060,687
Total U.S. Department of Agriculture			738,484,682
U.S. Department of Education			
Direct programs:			
Supplemental Education Opportunity	84.007		9,901
College Work-Study	84.033		2,262
Perkins Loan Program	84.038		5,457
Pell Grants	84.063		126,214
Scholarships for Disadvantaged Students	93.925		36,148
Passed through the California Department of Alcohol and Drugs:			
Drug-Free Schools and Communities:			
Club Live	84.186		93,750
Friday Night Live	84.186		93,750
School Based	84.186		561,201
Total expenditures – 84.186			748,701

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)		Grant funds expended
U.S. Department of Education, Continued			
Passed through the California Department of Education:			
Accessing Los Angeles Community History	45.310		$ 98,160
Teens: The Community Service Solution	45.310		82,052
Public Library Staff Education Program	45.310		5,236
Total expenditures – 45.310			185,448
Total U.S. Department of Education			1,114,131
U.S. Department of Health and Human Services			
Direct programs:			
Tuberculosis/CDC Cooperative Agreement	93.116		5,237,871
Active Varicella Surveillance & EPID Studies	93.185		202,524
Childhood Lead Poisoning Case Management	93.197		439,283
Hansen's Disease	93.215		332,424
Post-TANF Tracking	93.239		5,742
Community Access Program	93.252		528,365
State Epidemiology & LAB Surveillance Responses	93.283		664,722
Bioterrorism	93.283		873,433
Kinship Care Adoption	93.652		246,306
Innovative Approaches to Kinship Cares	93.670		162,232
Child Health & Disability Program	93.778	*	4,133,123
HIV Emergency Relief Project Grant	93.914		32,281,958
Ryan White Care Act- Dental Reimbursement Program	93.924		32,578
HIV Prevention Project	93.940		7,699,532
Intervention EPI Res Study of HIV/AIDS	93.941		53,210
HIV Prevention Counsel & HIV Partner Notification	93.943		349,584
HIV Aids Surveillance and Seroprevalence	93.944		3,139,513
Venereal Disease Control Project	93.977		2,972,029
Refugee Preventive Health Services	93.978		888,699
Passed through the California Department of Aging:			
Title VII:			
Elder Abuse Prevention	93.041	*	77,048
Ombudsman/Elder Abuse Prevention	93.042	*	112,525
Area Agency on Aging III F	93.043	*	311,549
Area Agency on Aging III B	93.044	*	4,671,457
Area Agency on Aging III C-I	93.045	*	4,319,051
Area Agency on Aging III C-II	93.045	*	2,916,010
Total expenditures – 93.045			7,235,061

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)		Grant funds expended
U.S. Department of Health and Human Services, Continued			
Passed through the California Department of Alcohol and Drugs:			
Federal Drug Medi-Cal (Perinatal & Drug)	93.778	*	$ 10,733,214
CARE Act Title II	93.917		2,359,931
Alcohol Block Grant	93.959	*	44,357,406
Federal Female Offender	93.959	*	370,684
New Perinatal Set-Aside	93.959	*	3,270,673
SAPT Block Grant Adolescent Treatment	93.959	*	1,457,641
SABG New HIV Set-Aside	93.959	*	3,497,444
SAPT-Drug Court Youth Treatment	93.959	*	103,072
Substance Abuse Prevention & Treatment Projects	93.959	*	211,752
Total expenditures – 93.959			53,268,672
Passed through the California Department of Economic Opportunity:			
Community Action Program – CSBG (note 5)	93.569		6,240,485
Passed through the California Department of Education:			
Child Day-Care Program	93.596	*	11,208,331
Passed through the California Department of Health Services:			
Family Planning	93.217		1,018,987
Health Facilities Inspection	93.777	*	8,531,521
IHSS – PCSP Health Related	93.778	*	29,549,422
Medi-Cal Eligibility Determination	93.778	*	101,301,332
Medical Outreach Program	93.778	*	3,470,000
Total expenditures – 93.778			134,320,754
Maternal and Child Health	93.994		2,965,767
Passed through the California Department of Mental Health:			
McKinney Homeless Act Program	93.150		845,168
Mental Health Services:			
Block Grant	93.958		11,930,786
Passed through the California Department of Social Services:			
Family Preservation Support Program	93.556		6,695,617
Refugee Elderly Services	93.576		409,680
Post-Adoptive Services	93.603		1,475,358

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)		Grant funds expended
U.S. Department of Health and Human Services, Continued			
Cal Learn Child Care	93.558		$ 3,132,495
Cal Learn Services/Admin	93.558		11,347,160
Calworks Case Management Services	93.558		11,234,938
Calworks Administration: TANF	93.558		112,533,454
Calworks Affirm LA County – TANF	93.558		3,275,898
Calworks Diversion – Federal	93.558		12,338
Calworks Evaluation	93.558		90,078
Calworks-FG/U Assistance	93.558		1,085,273,599
Calworks Legal Immigrants (MC)	93.558		5,170,959
Calworks Performance Incentive	93.558		23,893,827
Child Care Health Safety	93.558		95,075
EA Foster Care Admin & Asst (Title IV-A)	93.558		73,540,176
Kingap Administration and Assistance	93.558		19,471,876
Stage One Child Care	93.558		151,852,579
Welfare to Work – TANF	93.558		129,406,154
ERDP/NCP Demo Projects	93.558		1,837,346
Adult Protective Services	93.558		6,301,251
Total expenditures – 93.558			1,638,469,203
Child Support Enforcement Title IV-D	93.563	*	142,517,718
Refugee Employment Social Services	93.566		2,201,553
Refugee Resettlement Program	93.566		3,371,305
Refugee Targeted Assistance Program	93.566		1,898,928
Total expenditures – 93.566			7,471,786
Children's Welfare Services IV-B – Direct Cost	93.645		12,774,696
AFDC – Foster Care – Administration and Assistance	93.658	*	200,203,964
Children's Welfare Services Title IV-E	93.658	*	126,371,995
Foster Family Licensing	93.658	*	35,143
Foster Parent Training	93.658	*	638,450
Group Home Month Visits/CWD	93.658	*	1,728,955
Probation IV-E Administration and Assistance	93.658	*	320,000
Total expenditures – 93.658			329,298,507
Adoptions – Administration and Assistance	93.659		61,320,751
Independent Living Skills – Children Services	93.674		19,836,611
IHSS Public Authority – PCSP	93.778	*	639,054
Children's Welfare Services XIX (Health Reel)	93.778	*	11,428,353
Total expenditures – 93.778			12,067,407
Total U.S. Department of Health and Human Services			2,548,411,718

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)	Grant funds expended
U.S. Department of Housing and Urban Development		
Direct programs:		
Homeless Foster Youth Program (HFYP)	14.235	$ 2,444,597
Supportive Housing Program:		
Connection Project	14.235	72,754
Positive Steps	14.235	142,011
Total expenditures – 14.235		2,659,362
National Rec Area Vacant Lot Weeding	14.999	2,731
Juvenile/Parental Assist & Accountability Program	16.592	10,775
Passed through the City of Santa Clarita – CDBG Grant – Santa Clarita Services Center	14.218	30,499
Passed through the LA County Community Development Commission:		
Adventure Park Recreatoin Program	14.218	64,860
Amigo Park General Improvements	14.218	172,945
Amigo Park Mobile Recreation Program	14.218	32,458
Bassett Park Senior Citizen Program	14.218	26,971
Burke's Club Drug Prevention and Gang Intervention	14.218	75,057
Case Expediting/Department Liaison	14.218	17,928
CCE East Los Angeles – 1st District	14.218	437,500
CCE – 2nd District	14.218	239,667
CCE – 5th District	14.218	122,573
Central Recreational District Summer Program	14.218	94,500
Century Sheriffs Youth Activity League Center Firestone	14.218	15,350
Century Station Code Enforcement Project	14.218	34,695
Charter Oak Youth Athletic League Program	14.218	60,401
Earthquake (Northridge)	14.218	247,046
East County Community Recreational Program	14.218	497,806
Hacienda Heights Recreation Program	14.218	48,995
Industry Station Youth Athletic League Program	14.218	65,896
Lennox Park General Improvements	14.218	522,611
Lennox Station Community Youth Center	14.218	27,694
Mayberry Park Recreation Program	14.218	57,666
Mayberry Park Youth Athletic League Program	14.218	98,596
Pamela Park Youth Athletic League Program	14.218	34,920

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)		Grant funds expended
U.S. Department of Housing and Urban Development, Continued			
PZE South Whittier:			
4th District	14.218	$	43,700
PZE:			
5th District	14.218		77,600
Roosevelt Park General Improvements	14.218		28,232
Roosevelt Park Youth Athletic League Program	14.218		72,105
Roosevelt Pool Program	14.218		46,325
Rowland Heights Youth Athletic League Program	14.218		100,000
Salazar Park Youth Athletic League	14.218		56,163
Success Through Awareness and Resistance (STAR)	14.218		34,507
Temple Station Youth Athletic League:			
Williams	14.218		43,404
Union Pacific Zoning Study	14.218		29,500
Valleydale Park Youth Athletic League Program	14.218		65,896
Total expenditures – 14.218			3,624,066
Total U.S. Department of Housing and Urban Development			6,296,934
U.S. Department of Justice			
Direct programs:			
Asset Seizure and Forfeiture	16.000	*	11,904,563
Drug Enforcement Administration	16.001		37,500
Domestic Preparedness Equipment Support Program	16.006		1,931
State Criminal Alien Assistance Program	16.606		4,923,306
Drug Court Improvement & Enhancement Initiative	16.585		222,109
Clear (Local Law Enforcement Block Grant)	16.592		295,950
Crash (Local Law Enforcement Block Grant)	16.592		275,050
L.A. Bridges (Local Law Enforcement Block Grant)	16.592		131,082
Local Law Enforcement Block Grant	16.592		4,770,000
Local Law Enforcement Block Grant	16.592		1,461,284
Total expenditures – 16.592			6,933,366

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)	Grant funds expended
U.S. Department of Justice, Continued		
COPS Ahead/Universal Hiring Program	16.710	$ 2,451,282
COPS (Park Police) Universal Hiring	16.710	618,317
Regional Community Policing Institutes	16.710	42,077
COPS Advancing	16.710	52,963
COPS High Intent Crime Alien Apprehend and Prosecute	16.710	10,864
COPS Police Integrity Training Initiative	16.710	127,701
Regional Community Policing Institutes (Year 3)	16.710	606,996
COPS Domestic Violence Conference	16.710	43,090
Total expenditures – 16.710		3,953,290
Community Oriented Policing Services (COPS) MORE 96 Award	16.726	764,617
Community Oriented Policing Services (COPS) MORE 98 Award	16.726	2,497,446
Total expenditures – 16.726		3,262,063
Passed through the California Department of Alcohol and Drugs: Violence Intervention Program	16.590	90,438
Passed through the Office of Criminal Justice Planning: Community Oriented Multi Agency Narcotics Enforcement	16.579	1,393,434
Passed through the Bureau of Justice Assistance:		
Juvenile Offenders Learning Tolerance	16.580	1,022,464
Enhancing Community Prosecution Program	16.609	73,566
Passed through the Community Oriented Policing Services: Community Law Enforcement and Recovery (CLEAR)	16.710	920,415
Total U.S. Department of Justice		34,738,445
U.S. Office of the President		
Passed through the Office of National Drug Control Policy and California Office of Criminal Justice Planning High Intensity Drug Traffic Assistance (HIDTA)	16.580	133,158
U.S. Department of Labor		
Passed through the California Department of Aging Older American Title V Project	17.235	1,823,717
Passed through the California Department of Employment Development:		
Welfare to Work (M967328)	17.207	63,515
Transitional Planning (LAMC)	17.207	71,078
Total expenditures – 17.207		134,593

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)		Grant funds expended
U.S. Department of Labor, Continued			
Passed through the California Department of Employment Development:			
JTPA/EDWAA Formula	17.246		$ 1,194,037
JTPA Health Services Demo Project	17.246		872,711
Total expenditures – 17.246			2,066,748
Job Training Partnership Act (JTPA) 5% – Older	17.250		425,379
Job Training Partnership Act (JTPA) 77%	17.250		1,602,863
Job Training Partnership Act (JTPA) II-B G402914	17.250		165,144
Job Training Partnership Act (JTPA) II-C 82%	17.250		554,295
Total expenditures – 17.250			2,747,681
Welfare to Work:			
Formula	17.253	*	10,481,120
NAPIC	17.253	*	70,682
NCP	17.253	*	804,793
Total expenditures – 17.253			11,356,595
Workforce Investment Act:			
Adult	17.255	*	13,840,722
Youth	17.255	*	14,525,541
Dislocated Worker	17.255	*	14,697,501
Rapid Response	17.255	*	1,527,045
Gov's	17.255	*	8,000
Total expenditures – 17.255			44,598,809
Total U.S. Department of Labor			62,728,143
U.S. Department of Transportation			
Direct program:			
Airport Improvement Program	20.106		404,676
Computerized Collision Database & Analysis System	20.600		121,798
Drunk Driving Intervention Program	20.600		23,921
Expand The Child Passenger Safety Net	20.600		317,435
Total expenditures – 20.600			463,154

(Continued)

COUNTY OF LOS ANGELES, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

Description	Federal catalog of domestic assistance number (CFDA #)	Grant funds expended
Passed through the California Department of Transportation:		
Bridge Retrofit Program	20.205	$ 9,555,376
Hazard Elimination Safety	20.205	40,213
Highway Bridge Rehabilitation	20.205	2,241,236
Surface Transportation Program (STP)	20.205	9,112,998
Total expenditures – 20.205		20,949,823
Public Transportation for Nonurbanized Areas 1996	20.509	110,000
Vacant Lot Weed Clearance:		
Century Freeway	20.999	53,724
Federal Aviation	20.999	4,221
Total expenditures – 20.999		57,945
Total U.S. Department of Transportation		21,985,598
U.S. Federal Emergency Management Agency		
Passed through the California Department of Economic Opportunity:		
Food Basket Distribution	83.523	20,151
Passed through the California Office of Emergency Services:		
Earthquake Preparedness	83.521	1,035,525
Biological Control of Vegetation on Fuel Break	83.548	54,823
Public Assistance Grants	83.544	3,694,943
Earthquake (Northridge)	83.544	34,199,675
El Nino of 1998	83.544	704,040
Total expenditures – 83.544		38,598,658
Total U.S. Federal Emergency Management Agency		39,709,157
Total expenditures of Federal awards		$ 3,453,601,966

* Denotes major program as defined by OMB Circular A-133.

See accompanying notes to Schedule of Expenditures of Federal Awards and Report on Compliance with Requirements Applicable to Each Major Program and on Internal Report on Compliance Control over Compliance in Accordance with OMB Circular A-133.

COUNTY OF LOS ANGELES, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards

June 30, 2001

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs for the County of Los Angeles, California (County). The County's reporting entity is defined in the notes to the County's general purpose financial statements.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in note 1 of the notes to the County's general purpose financial statements. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the County's general purpose financial statements.

(3) Community Development Commission

For financial reporting purposes, the Community Development Commission of the County of Los Angeles (Commission) is considered to be a component financial reporting unit of the County of Los Angeles. However, the Commission is also subjected to a separate financial audit and a separate OMB Circular A-133, Single Audit. Copies of such audit reports can be obtained from the Community Development Commission; 2 Coral Circle, Monterey Park, California 91755.

(4) Subrecipient Awards

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided a significant amount of funding to various subrecipients. Due to the extensive number of federal programs and large volume of subrecipients, it is not practical to display the detailed subrecipient information in the Schedule of Expenditures of Federal Awards.

(5) Summary of Community Action Program – CSBG CFDA #93.569

The following summarizes the County's Community Action Program – Community Services Block Grant (CSBG), U.S. Department of Health and Human Services, passed through the California Department of Economic Opportunity CFDA #93.569 federal expenditures for the year ended June 30, 2001:

Program name	Grant no.		Expenditure amount
CSBG	00F-2117	$	4,289,794
CSBG	01F-4017		1,689,695
CSBG – American Indian	00F-2166		109,891
CSBG – American Indian	01F-4066		151,105
Total Community Action Program – CSBG		$	6,240,485

(1) Summary of Auditors' Results

(a) General Purpose Financial Statements

Type of auditors' report issued: **Unqualified Opinion.**

Internal control over financial reporting:

- Material weakness (es) identified? **None.**
- Reportable condition(s) identified that are not considered to be material weaknesses? **None Reported.**

Noncompliance material to financial statements noted? **None.**

(b) Federal Awards

Internal control over major programs:

- Material weakness (es) identified? **None.**
- Reportable condition(s) identified that are not considered to be material weakness (es)? **None Reported.**

Type of auditors' report issued on compliance for major programs: **Unqualified Opinion.**

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:

CFDA Number(s)	Name of Federal Program or Cluster
10.551/10.561	**Food Stamp Cluster**
16.000	**Asset Seizure and Forfeiture**
17.253	**Welfare to Work**
17.255	**Workforce Investment Act**
93.777/93.778	**Medicaid Cluster**
93.563	**Child Support Enforcement – Title IV-D**
93.658	**Foster Care Administration and Assistance**
93.959	**Alcohol Block Grant**
10.570/93.041/93.042/93.043/93.044/ 93.045	**Aging Cluster**
93.596	**Child Day Care Program**

Dollar threshold used to distinguish between Type A and Type B program:

- Type A – Federal award expenditures equal to or exceeding $10,361,000.

Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133? **Yes.**

(2) Findings Relating to the General Purpose Financial Statements Reported in Accordance with Government Auditing Standards

None.

(3) Findings and Questioned Costs Relating to Federal Awards

Finding 01-01 – Suspension and Debarment

Programs Affected

Aging Cluster: *Department of Health and Human Services (DHHS)*, Title VII – Elder Abuse Prevention (CFDA #93.041), Title VII – Ombudsman (CFDA #93.042), Area Agency on Aging III F (CFDA #93.043), Area Agency on Aging III B (CFDA #93.044), Area Agency on Aging III CI & CII (CFDA #93.045), and *Department of Agriculture (DOA)*, Area on Aging III USDA CI & CII (CFDA #10.570).

Foster Care: *Department of Health and Human Services (DHHS)*, AFDC – Foster Care – Administration & Assistance (CFDA #93.658), Children's Welfare Services Title IV-E (CFDA #93.658), Foster Parent Training (CFDA #93.658), Foster Family Licensing (CFDA #93.658), Group Home Month Visits – CWD (CFDA #93.658), Probation IV-E Administration & Assistance (CFDA #93.658).

Compliance Requirement

Nonfederal entities are prohibited from contracting with or making subawards under covered contract transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of $100,000 and all nonprocurement transactions (e.g., subawards to subrecipients). Contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals have not been subject to suspension and debarment proceedings (45 CFR 75).

Situation Noted

The respective County departments are not obtaining certificates of suspension and debarment from their subrecipients, which receive equal to or greater than $100,000 prior to making subawards. It was noted that in 100% of the subrecipients sampled, (e.g., twenty five (25) for each program selected for testwork), certificates of suspension and debarment could not be found in the subrecipient's file. We also noted that in 100% of the department's contracts selected for testwork, the contract did not contain specific language requiring suspension and debarment certifications.

Questioned Costs: None.

Recommendation

We recommend that the County department responsible for monitoring and obtaining certificates of suspension and debarment implement policies and procedures that require a signed certificate of suspension and debarment to be on file prior to making the subaward. We recommend that the

CAO's Contracting and Purchasing Task Force distribute a memorandum to all County departments, County Counsel, and the County's Contracts and Grants sections mandating a suspension and debarment clause in all County contracts with subrecipients/subcontractor vendors and for all contracts receiving individual awards of $100,000 or more in federal and state funding.

Finding 01-02 – Subrecipient Single Audit Reports

Programs Affected

Foster Care: *Department of Health and Human Services (DHHS)*, AFDC – Foster Care – Administration & Assistance (CFDA #93.658), Children's Welfare Services Title IV-E (CFDA #93.658), Foster Parent Training (CFDA #93.658), Foster Family Licensing (CFDA #93.658), Group Home Month Visits – CWD (CFDA #93.658), Probation IV-E Administration & Assistance (CFDA #93.658).

Workforce Investment Act: *Department of Labor (DOL)*, Workforce Investment Act – Adult (CFDA #17.255), Workforce Investment Act – Youth (CFDA #17.255), Workforce Investment Act – Dislocated Work (CFDA #17.255), Workforce Investment Act – Response (CFDA #17.255).

Compliance Requirement

The County is responsible for monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements, ensures that the required audits are performed, and requires that prompt corrective action on any audit findings by the subrecipient (A-102 Common Rule).

Situation Noted

Foster Care: Twenty-one out of twenty-five subrecipients selected for testwork did not submit a copy of their single audit report for fiscal year 2000.

Workforce Investment Act: One out of twenty-five subrecipients selected for testwork did not submit a copy of their single audit report for fiscal year 2000.

In addition, in all cases tested, it was noted that federal funding was not suspended when the single audit report was not produced. We noted that each subrecipient receiving more than $300,000 per year is required to submit a copy of their Single Audit report to the County for each year in which they receive more than $300,000 in federal funding. Subrecipients that did not submit Single Audits were:

Foster Care:

Koinonia Homes	Teens Happy Home
International FFA	Refugio Par Ninos
Trinity Foster Care	Personal Involvement Center

(Continued)

Secure Transactions FFA	Inst Black Parenting
Serenity Infant Care	Hannahs House
Family for Children Inc.	Multicultural Services Center
The Sycamores FFA	Olive Crest FFA
Children's Way	Samadana FFA
Dangerfield Inst FFA	McKinley Children's Center FFA
Eggleston Youth Center	Walden Environment FFA
Florence Crittenton FFA	

Workforce Investment Act:

Chicana Services

Questioned Costs: None.

Recommendation:

We recommend that the respective Program Administration (PA) enforce existing established policies and procedures by imposing appropriate sanctions on subrecipients that do not submit their A-133 Single Audit reports in a timely manner. By implementing this recommendation, the PA can properly review the subrecipient's Single Audit reports for financial information and internal control or compliance findings. If subrecipients are determined to be noncompliant, the PA will then be able to implement sanctions and more closely monitor those subrecipients that are not taking appropriate corrective action.