COUNTY OF ORANGE, CALIFORNIA (CA)

Single Audit Report

For the Year Ended June 30, 2013

MGO Certified Public Accountants.

COUNTY OF ORANGE, CALIFORNIA
Single Audit Report
For the Year Ended June 30, 2013

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MGO Certified Public Accountants.

Newport Beach
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660
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Sacramento

Walnut Creek

Oakland

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San Diego

Seattle

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*

Board of Supervisors
County of Orange, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Orange, California (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 16, 2014. Our report includes a reference to other auditors who audited the financial statements of the Children and Families Commission of Orange County and the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2013-01, 2013-02, 2013-03, and 2013-04, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated January 16, 2014.

County's Responses to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Newport Beach, California
January 16, 2014

MGO Certified Public Accountants.

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Sacramento

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

Board of Supervisors
County of Orange, California

Report on Compliance for Each Major Federal Program

We have audited the County of Orange, California's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Children and Families Commission of Orange County and the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance (discretely presented component units), which received federal awards and which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2013. Our audit, described below, did not include the operations of the discretely presented component units because the discretely presented component units engaged other auditors to perform audits in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, 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 items 2013-05, 2013-06, 2013-07, and 2013-08. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-06 and 2013-08 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We issued our report thereon dated January 16, 2014, which contained unmodified opinions on those financial statements. Our report included a reference to other auditors who audited the financial statements of the Children and Families Commission of Orange County and the Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance, as described in our report on the County’s financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and the schedule of grant expenditures for grants provided by the California Health and Human Services Agency, Department of Aging are presented for purposes of additional analysis as required by OMB Circular A-133, and the California Health and Human Services Agency, Department of Aging, respectively, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards, and the schedule of grant expenditures for grants provided by the California Health and Human Services Agency, Department of Aging are fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Newport Beach, CA
March 24, 2014

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
Department of Agriculture					
Pierce's Disease Control Program (Indirect)	10.025	12-0123-SF	CA Dept. of Food & Agriculture	$ 497,668	OC Public Works
Phytophthora Ramorum Program (Indirect)	10.025	12-0330-SF	CA Dept. of Food & Agriculture	30,323	OC Public Works
Subtotal 10.025				**527,991**	
School Breakfast Program (Indirect)	10.553	30-34306-9003500-1	CA Dept. of Education	325,206	Probation
School Breakfast Program (Indirect)	10.553	02039-SN-30-R	CA Dept. of Education	34,101	Social Services Agency
National School Lunch Program (Indirect)	10.555	30-34306-9003500-1	CA Dept. of Education	503,885	Probation
National School Lunch Program (Indirect)	10.555	02039-SN-30-R	CA Dept. of Education	52,502	Social Services Agency
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)				**915,694**	
Women, Infants, and Children (WIC) (Indirect)	10.557	11-10452	CA Dept. of Public Health	4,758,657	Health Care Agency
Network For A Healthy CA (Indirect)	10.561	11-10235, 11-10241, 12-10189	CA Dept. of Public Health	1,262,762	Health Care Agency
Non-Assisted Benefits - CA Work Opportunity and Responsibility to Kids Information Network (CalWIN) (Indirect)	10.561	1946001347 A7	CA Dept. of Social Services	2,127,156	Social Services Agency
Non-Assisted Benefits (Indirect)	10.561	1946001347 A7	CA Dept. of Social Services	25,136,149	Social Services Agency
Subtotal 10.561 (SNAP Cluster)				**28,526,067**	
Value of Senior Farmer's Market Coupons (Indirect)	10.576		CA Dept. of Aging	31,000	OC Community Resources
Subtotal - Department of Agriculture				**34,759,409**	
Department of Education					
Workforce Investment Act Title II: Adult Education and Family Literacy Act (Indirect)	84.002	2330	CA Dept. of Education	10,930	OC Community Resources
Subtotal - Department of Education				**10,930**	
Department of Energy					
ARRA: Energy Efficiency and Conservation (Direct)	81.128			-	OC Public Works
Subtotal - Department of Energy				-	
Department of Health and Human Services					
Title VII-B: Elder Abuse Prevention (Indirect)	93.041	AP1213-22	CA Dept. of Aging	38,711	OC Community Resources
Title VII-A: Ombudsman (Indirect)	93.042	AP1213-22	CA Dept. of Aging	99,269	OC Community Resources
Title III-D: Preventive Health (Indirect)	93.043	AP1213-22	CA Dept. of Aging	155,002	OC Community Resources
Title III-B: Senior Supportive Services (Indirect)	93.044	AP1213-22	CA Dept. of Aging	2,390,623	OC Community Resources
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP1213-22	CA Dept. of Aging	2,070,914	OC Community Resources
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP1213-22	CA Dept. of Aging	2,432,077	OC Community Resources
Title III-C1: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP1213-22	CA Dept. of Aging	329,698	OC Community Resources
Title III-C2: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP1213-22	CA Dept. of Aging	955,443	OC Community Resources
Subtotal 93.044, 93.045, and 93.053 (Aging Cluster)				**8,178,755**	
National Family Caregiver Support Program (Indirect)	93.052	AP1213-22	CA Dept. of Aging	1,128,654	OC Community Resources
Public Health Emergency Preparedness (PHEP) (Indirect)	93.069	EPO 11-30, EPO 12-30	CA Dept. of Public Health	2,858,743	Health Care Agency
Public Health Emergency Preparedness (PHEP) - Risk-Based Initiative (Indirect)	93.069	EPO 11-30	CA Dept. of Public Health	141,698	Health Care Agency
Subtotal 93.069				**3,000,441**	
Guardianship Assistance (Indirect)	93.090	1946001347 A7	CA Dept. of Social Services	$ 9,181	Social Services Agency
TB Local Assistance (Base Award) (Indirect)	93.116		CA Dept. of Public Health	583,056	Health Care Agency
Projects for Assistance in Transition from Homelessness (PATH) Grant (Indirect)	93.150	68-0317191	CA Dept. of Mental Health	557,671	Health Care Agency
Childhood Lead Poisoning Prevention Program (CLPPP) (Indirect)	93.197	11-10303	CA Dept. of Public Health	186,388	Health Care Agency

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
Pediatric Immunization - Immunization Assistance Program (IAP) (Indirect)	93.268	11-10601	CA Dept. of Public Health	576,699	Health Care Agency
Breast Cancer Early Detection Program (BCEDP) (Indirect)	93.394	11-10684	CA Dept. of Public Health	5,000	Health Care Agency
Options Counseling Pilot Project (Indirect)	93.517	11-H9010	CA Health and Human Services Agency	-	OC Community Resources
2MIPPA-Medicare Improvements for Patients and Providers Act (Indirect)	93.518	2M 1011-22	CA Dept. of Aging	-	OC Community Resources
State Planning and Establishment Grants for the Affordable Care Act Exchanges (Indirect)	93.525	1946001347 A7	CA Dept. of Social Services	124,690	Social Services Agency
Family Preservation (Indirect)	93.556	1946001347 A7	CA Dept. of Social Services	1,944,211	Social Services Agency
CalWorks - CalWIN (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	1,643,348	Social Services Agency
CalWorks (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	20,878,508	Social Services Agency
CalWorks Admin (Indirect)	93.558	1946001347 A7	CA Dept. of Social Services	90,086,038	Social Services Agency
Subtotal 93.558 (TANF Cluster)				**112,607,894**	
Support Enforcement Incentive Fund (Indirect)	93.563	06-059	CA Dept. of Child Support Services	2,895,547	Child Support Services
Child Support Enforcement Program (Indirect)	93.563	06-059	CA Dept. of Child Support Services	34,220,129	Child Support Services
Subtotal 93.563				**37,115,676**	
Welfare Aid to Refugees - CalWIN (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	1,987	Social Services Agency
Welfare Aid to Refugees (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	427,594	Social Services Agency
Refugee Cash Assistance (Indirect)	93.566	1946001347 A7	CA Dept. of Social Services	43,151	Social Services Agency
Refugee Employment Social Services (Indirect)	93.566	RESS1103, RESS1203	CA Dept. of Social Services	361,544	Social Services Agency
Subtotal 93.566				**834,276**	
Refugee Health Assessment Program (Indirect)	93.567	11-30-90840, 12-30-90840	CA Dept. of Public Health	317,725	Health Care Agency
Targeted Assistance (Indirect)	93.576	TARL1005, TARL1105, TARL1203	CA Dept. of Social Services	47,722	Social Services Agency
Targeted Assistance Grant (Indirect)	93.584	TAFO1103, TAFO1203	CA Dept. of Social Services	225,460	Social Services Agency
Community Based Child Abuse Prevention (Indirect)	93.590	1946001347 A7	CA Dept. of Social Services	109,565	Social Services Agency
Help America Vote Act (HAVA) Section 261 VOTE Grant Program (Indirect)	93.617	10G26104	CA Secretary of State	135,893	Registrar of Voters
Help America Vote Act (HAVA) Polling Place Accessibility Training Program (Indirect)	93.617	11G26127	CA Secretary of State	9,154	Registrar of Voters
Subtotal 93.617				**145,047**	
Child Welfare System Title IV-B (Indirect)	93.645	1946001347 A7	CA Dept. of Social Services	1,878,223	Social Services Agency
Children Welfare System Title IV-E (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	3,058,155	Probation
Children Welfare System Title IV-E (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	25,956,599	Social Services Agency
Welfare Aid to Children in Boarding Homes (Indirect)	93.658	1946001347 A7	CA Dept. of Social Services	12,669,885	Social Services Agency
Subtotal 93.658				**41,684,639**	
Adoption Assistance (Indirect)	93.659	1946001347 A7	CA Dept. of Social Services	18,845,605	Social Services Agency
Adoptions (Indirect)	93.659	1946001347 A7	CA Dept. of Social Services	3,085,449	Social Services Agency
Subtotal 93.659				**21,931,054**	
Social Services Block Grant (Indirect)	93.667	1946001347 A7	CA Dept. of Social Services	$ 11,825,410	Social Services Agency
Independent Living Skills (Indirect)	93.674	1946001347 A7	CA Dept. of Social Services	574,147	Social Services Agency
ARRA: Chronic Disease Self Management Program Services (Indirect)	93.725	CT-1011-15	Partners in Care	-	OC Community Resources
CA Children Services (CCS) Healthy Families (Indirect)	93.767		CA Dept. of Health Care Services	957,019	Health Care Agency
Childrens Health Insurance Program (CHIP; Title XXI) (Indirect)	93.767	1946001347 A7	CA Dept. of Social Services	988	Social Services Agency
Subtotal 93.767				**958,007**	
CA Children Services (CCS) Medi-Cal (Indirect)	93.778		CA Dept. of Health Care Services	5,126,379	Health Care Agency

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
Children in Foster Care Title XIX- Administrative Expenses (Indirect)	93.778		CA Dept. of Health Care Services	143,865	Health Care Agency
Children in Foster Care Title XIX- Health Care Program for Children in Foster Care (HCPCFC) (Indirect)	93.778		CA Dept. of Health Care Services	646,097	Health Care Agency
Child Health and Disability Prevention (CHDP) Program Title XIX (Indirect)	93.778	201130	CA Dept. of Health Care Services	1,046,172	Health Care Agency
Child Welfare Services - Health (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	3,222,063	Social Services Agency
County Services Block Grant and Adult Protective Services - Health (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	2,497,803	Social Services Agency
Case Management, Information and Payrolling System (CMIPS) II Project (Indirect)	93.778	1946001347 A7	CA Dept. of Health Care Services	-	Social Services Agency
Medi-Cal Administrative Activities (MAA) (Indirect)	93.778	09-86031 A01	CA Dept. of Health Care Services	349,359	lic Administrator/Public Guar
Medi-Cal Administrative Activities (MAA) (Indirect)	93.778	09-86031 A01	CA Dept. of Health Care Services	2,354,346	Health Care Agency
Medi-Cal CalWIN (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	2,273,962	Social Services Agency
Medi-Cal (Indirect)	93.778	MCAC 2012-13 01	CA Dept. of Health Care Services	51,581,282	Social Services Agency
Medi-Cal In-Home Supportive Services (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	6,410,726	Social Services Agency
Medi-Cal In-Home Supportive Services Admin (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	5,926,600	Social Services Agency
Medi-Cal Targeted Case Management (TCM) (Indirect)	93.778	30-0713A2	CA Dept. of Health Care Services	4,888,546	Health Care Agency
Medi-Cal Targeted Case Management (TCM) (Indirect)	93.778	30-0713A2	CA Dept. of Health Care Services	220,200	lic Administrator/Public Guar
Medical Assistance Program (Medicaid; Title XIX) (Indirect)	93.778	1946001347 A7	CA Dept. of Social Services	23,265	Social Services Agency
Subtotal 93.778 (Medicaid Cluster)				**86,710,665**	
Health Insurance Counseling and Advocacy Program (Indirect)	93.779	HI1213-22	CA Dept. of Aging	204,582	OC Community Resources
Hospital Preparedness Program (HPP) (Indirect)	93.889	EPO 11-30, EPO 12-30	CA Dept. of Public Health	938,199	Health Care Agency
Minority AIDS Initiative (MAI) (Direct)	93.914			346,071	Health Care Agency
Ryan White Part A (Direct)	93.914			5,633,657	Health Care Agency
Subtotal 93.914				**5,979,728**	
Prevention, Testing and Partner Services (Indirect)	93.917	10-95277	CA Dept. of Public Health, Office of AIDS	1,110,321	Health Care Agency
Care Services (Indirect)	93.917	10-95277	CA Dept. of Public Health, Office of AIDS	1,590,225	Health Care Agency
Human Immunodeficiency Virus (HIV) Expanded Testing (Indirect)	93.917	10-95277	CA Dept. of Public Health, Office of AIDS	433,474	Health Care Agency
Subtotal 93.917				**3,134,020**	
Ryan White Part C (HIV Primary Care) (Direct)	93.918			739,568	Health Care Agency
Block Grants for Community Mental Health Services - Substance Abuse and Mental Health Services Administration (SAMHSA) (Indirect)	93.958	68-0317191	CA Dept. of Mental Health	2,311,651	Health Care Agency
Alcohol and Drug Program (Indirect)	93.959	10-NNA30	CA Dept. of Alcohol & Drug	17,815,604	Health Care Agency
Gonorrhea Isolate Surveillance Project (GISP) (Indirect)	93.977	11-10049	CA Dept. of Public Health	1,032	Health Care Agency
Syphilis Elimination (Indirect)	93.977	11-10049	CA Dept. of Public Health	40,291	Health Care Agency
Chlamydia Screening Project (CLASP) (Indirect)	93.977	11-10049	CA Dept. of Public Health	49,780	Health Care Agency
Subtotal 93.977				**91,103**	
Maternal and Child Health (MCH) Allocation Title V and XIX (Indirect)	93.994	2012-30	CA Dept. of Public Health	$ 299,997	Health Care Agency
Adolescent Family Life Program (AFLP) Title V and XIX (Indirect)	93.994	2012-30	CA Dept. of Public Health	368,025	Health Care Agency
Subtotal 93.994				**668,022**	
Subtotal - Department of Health and Human Services				**365,435,715**	
Department of Homeland Security					
2011 Boating Safety and Enforcement Grant (Indirect)	97.012	11-204-802	CA Dept. of Boating and Waterways	-	Sheriff-Coroner
2012 Boating Safety and Enforcement Grant (Indirect)	97.012	12-204-799	CA Dept. of Boating and Waterways	19,863	Sheriff-Coroner

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
Subtotal 97.012				**19,863**	
2010 Emergency Management Preparedness Grant (EMPG) (Indirect)	97.042	2010-0044	CA Emergency Management Agency	-	Sheriff-Coroner
2011 Emergency Management Preparedness Grant (EMPG) (Indirect)	97.042	2011-0048	CA Emergency Management Agency	235,531	Sheriff-Coroner
2012 Emergency Management Performance Grant (EMPG) (Indirect)	97.042	2012-0027	CA Emergency Management Agency	324,029	Sheriff-Coroner
Subtotal 97.042				**559,560**	
Urban Areas Security Initiative (UASI) Grant (Indirect)	97.067	2011-SS-0077	City of Santa Ana	470,473	Health Care Agency
Urban Areas Security Initiative (UASI) Grant (Indirect)	97.067	2010-0085	City of Anaheim	175,751	Health Care Agency
Homeland Security Grant Program (HSGP) (Indirect)	97.067	2009-0019, 2010-0085	CA Emergency Management Agency	279,785	Health Care Agency
2008 Homeland Security Grant - State Homeland Security Program (SHSP) (Indirect)	97.067	2008-0006	CA Emergency Management Agency	643,774	Sheriff-Coroner
2008 Homeland Security Grant - Metropolitan Medical Response System (MMRS) (Indirect)	97.067	2008-0006	CA Emergency Management Agency	326,033	Sheriff-Coroner
2009 Homeland Security Grant - Metropolitan Medical Response System (MMRS) (Indirect)	97.067	2009-0019	CA Emergency Management Agency	957,879	Sheriff-Coroner
2010 Homeland Security Grant - Metropolitan Medical Response System (MMRS) (Indirect)	97.067	2010-85	CA Emergency Management Agency	663,930	Sheriff-Coroner
2011 Homeland Security Grant - Metropolitan Medical Response System (MMRS) (Indirect)	97.067	2011-77	CA Emergency Management Agency	-	Sheriff-Coroner
2010 Homeland Security Grant (HSP) (Indirect)	97.067	2010-0085	CA Emergency Management Agency	9,035	District Attorney
2009 State Homeland Security Program (SHSP) (Indirect)	97.067	2009-0019	CA Emergency Management Agency	2,864,542	Sheriff-Coroner
2010 State Homeland Security Program (SHSP) (Indirect)	97.067	2010-0085	CA Emergency Management Agency	2,161,734	Sheriff-Coroner
2011 Homeland Security Program (SHSP) (Indirect)	97.067	2011-SS-0077	CA Emergency Management Agency	731,510	Sheriff-Coroner
2012 Homeland Security Program (SHSP) (Indirect)	97.067	2012-SS-00123	CA Emergency Management Agency	-	Sheriff-Coroner
2010 Homeland Security Program (UASI) (Indirect)	97.067	059-95010	City of Anaheim	473,998	Sheriff-Coroner
2011 Homeland Security Program (UASI) (Indirect)	97.067	059-95011	City of Santa Ana	252,023	Sheriff-Coroner
2009 Operation Stonegarden Supplemental Grant 2009-1004 (Indirect)	97.067	2009-1004	County of San Diego, Sheriff Dept.	-	Sheriff-Coroner
2010 Operation Stonegarden Supplemental Grant (Indirect)	97.067	2010-1085	County of San Diego, Sheriff Dept.	83,049	Sheriff-Coroner
2011 Operation Stonegarden Supplemental Grant (Indirect)	97.067	2011-1077	County of San Diego, Sheriff Dept.	201,523	Sheriff-Coroner
2012 Operation Stonegarden Supplemental Grant 2012-1123 (Indirect)	97.067	2012-1123	County of San Diego. Sheriff's Dept	-	Sheriff-Coroner
2012 Operation Stonegarden Supplemental Grant 2012-1123 (Indirect)	97.067	2012-1123	County of San Diego. Sheriff's Dept	-	Sheriff-Coroner
Subtotal 97.067				**10,295,039**	
TSA: National Explosives Detection Canine Team Program (Direct)	97.072			181,000	John Wayne Airport
FBI National Joint Terrorism Task Force (Direct)	97.074			2,432	District Attorney
2007 Transit Security Grant Program (Ferry) - Visible Intermodal Protection and Response (VIPR) (Indirect)	97.075	2007-RL-T7-K002	CA Emergency Management Agency	-	Sheriff-Coroner
2009 Buffer Zone Protection Program (BZPP) (Indirect)	97.078	2009-26	CA Emergency Management Agency	278,235	Sheriff-Coroner
2010 Buffer Zone Protection Program (BZPP) (Indirect)	97.078	2010-0020	CA Emergency Management Agency	390,000	Sheriff-Coroner
Subtotal 97.078				**668,235**	
TSA: Airport Checked Baggage Screening Program - Terminal A, B and C (Direct)	97.100			363,316	John Wayne Airport
FY 2007-08 Regional Catastrophic Preparedness Grant Program (Indirect)	97.111	C-117608	City of Los Angeles	-	Health Care Agency
Subtotal - Department of Homeland Security				**12,089,445**	
Department of Housing and Urban Development					
Neighborhood Stabilization Program (Direct)	14.218			996,112	OC Community Resources

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
Community Development Block Grant (Direct)	14.218			3,764,681	OC Community Resources
ARRA: Community Development Block Grant Program (Direct)	14.253			-	OC Community Resources
Subtotal 14.218 (CDBG - Entitlement Grants Cluster)				**4,760,793**	
Neighborhood Stabilization Program (Indirect)	14.228	09-NSP1-6263	CA Dept. of Housing & Community Development	-	OC Community Resources
Subtotal 14.228 (CDBG - State-Administered CDBG Cluster)				-	
Emergency Shelter Grant Program (Direct)	14.231			$ 277,628	OC Community Resources
Shelter Plus Care (Direct)	14.238			8,297,987	OC Community Resources
HOME Investment Partnerships Program (Direct)	14.239			3,238,485	OC Community Resources
Housing Opportunities for Persons with AIDS (HOPWA) (Indirect)	14.241		City of Santa Ana	516,045	Health Care Agency
ARRA: Homelessness Prevention and Rapid Rehousing Program (Direct)	14.257			849	OC Community Resources
Section 8 Housing Choice Vouchers (Direct)	14.871			126,119,401	OC Community Resources
Subtotal 14.871 (Housing Voucher Cluster)				**126,119,401**	
Subtotal - Department of Housing and Urban Development				**143,211,188**	
Department of the Interior					
Payments in Lieu of Taxes (PILT) (Direct)	15.226			88,733	Auditor-Controller
Newport Bay Watershed Trash Management Plan (Direct)	15.668			5,591	OC Public Works
Federal Forest Reserve Fund (Indirect)	15.916	12-5955	CA Dept. of Transportation	59,789	OC Public Works
Subtotal - Department of the Interior				**154,113**	
Department of Justice					
Juvenile Accountability Block Grant (JABG) (Indirect)	16.523	BSCC 144-12	Board of State and Community Corrections	3,271	Probation
Juvenile Accountability Block Grant (JABG) (Indirect)	16.523	BSCC 144-12	Board of State and Community Corrections	171,277	District Attorney
Juvenile Accountability Block Grant (JABG) (Indirect)	16.523	BSCC 144-12	Board of State and Community Corrections	26,413	Health Care Agency
Subtotal 16.523				**200,961**	
Enhanced Disproportionate Minority Contact Technical Assistance Project II (DMC-TAP II) (Indirect)	16.540	BSCC 360-12	Board of State and Community Corrections	51,042	Probation
2008 Solving Cold Cases with DNA (Direct)	16.560			-	Sheriff-Coroner
DNA Expansion Project (Direct)	16.560			270,876	District Attorney
Subtotal 16.560					
Victim Witness Assistance Program (Indirect)	16.575	VW12310300	CA Emergency Management Agency	544,497	County Executive Office
Child Abuse Treatment Services (Indirect)	16.575	AT11080300, AT12090300	CA Emergency Management Agency	244,062	Social Services Agency
Unserved/Underserved Victim Advocacy and Outreach Program (Indirect)	16.575	UV11020300, UV12030300	CA Emergency Management Agency	122,026	County Executive Office
Subtotal 16.575				**910,585**	
ARRA: Violence Against Women Vertical Prosecution (Indirect)	16.588	VV12040300	CA Emergency Management Agency	184,238	District Attorney
Residential Substance Abuse Treatment (RSAT) (Indirect)	16.593	RT10020300	CA Emergency Management Agency	23,604	Health Care Agency
Residential Substance Abuse Treatment (RSAT) (Indirect)	16.593	RT10020300	CA Emergency Management Agency	13,540	Probation
Subtotal 16.593				**37,144**	
State Criminal Alien Assistance Program (SCAAP) (Direct)	16.606			2,380,842	Sheriff-Coroner
Anti-Gang Initiative Strategy - Project Safe Neighborhood (PSN) (Indirect)	16.609	US10030300	CA Emergency Management Agency	-	District Attorney
2008 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			-	Sheriff-Coroner
2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			65,079	Sheriff-Coroner

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
2010 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			347,728	Sheriff-Coroner
2011 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			218,886	Sheriff-Coroner
2012 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738			109,760	Sheriff-Coroner
2011 Anti-Drug Abuse (ADA) Enforcement Program (Indirect)	16.738	DC11220300	CA Emergency Management Agency	219,674	Sheriff-Coroner
2011 Anti-Drug Abuse (ADA) Enforcement Program (Indirect)	16.738	DC11220300	CA Emergency Management Agency	50,501	District Attorney
2012 Anti-Drug Abuse (ADA) Enforcement Team Program (Indirect)	16.738	BSCC 652-12	Board of State and Community Corrections	85,992	District Attorney
2012 Anti-Drug Abuse (ADA) Enforcement Team Program (Indirect)	16.738	BSCC 652-12	Board of State and Community Corrections	230,823	Sheriff-Coroner
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG) (Indirect)	16.803	ZO09010300	CA Emergency Management Agency	-	Health Care Agency
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG) (Indirect)	16.803	ZO09010300	CA Emergency Management Agency	-	Probation
ARRA: 2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.804			233,631	Sheriff-Coroner
ARRA: 2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.804	ZA09010300	CA Emergency Management Agency	-	Probation
ARRA: 2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.804	ZA09010300	CA Emergency Management Agency	8,161	Sheriff-Coroner
ARRA: 2009 Anti-Drug Abuse Enforcement Program (Indirect)	16.804	ZA09010300	CA Emergency Management Agency	-	District Attorney
ARRA: 2009 CA Multi-Jurisdictional Methamphetamine Enforcement Team (Cal-MMET) Program (Indirect)	16.804	ZM09010300	CA Emergency Management Agency	-	District Attorney
ARRA: 2009 CA Multi-Jurisdictional Methamphetamine Enforcement Team (Cal-MMET) Program (Indirect)	16.804	ZM09010300	CA Emergency Management Agency	2,921	Probation
ARRA: 2009 CA Multi-Jurisdictional Methamphetamine Enforcement Team (Cal-MMET) Program (Indirect)	16.804	ZM09010300	CA Emergency Management Agency	2,814	Sheriff-Coroner
ARRA: 2009 CA Multi-Jurisdictional Methamphetamine Enforcement Team (Cal-MMET) Program (Indirect)	16.804	ZM09010300	CA Emergency Management Agency	1,227	Social Services Agency
ARRA: Evidence Based Supervision Program (Indirect)	16.804	ZP09010300	CA Emergency Management Agency	108,401	Probation
Subtotal 16.738 and 16.804 (JAG Program Cluster)				**1,685,598**	
2009 DN-BX-K033 DNA Unit Efficiency Improvement Program (Direct)	16.741			$ 25,010	Sheriff-Coroner
2009 DN-BX-K094 DNA Backlog Reduction Program (Direct)	16.741			-	Sheriff-Coroner
2010 DN-BX-K067 DNA Backlog Reduction Program (Direct)	16.741			218,799	Sheriff-Coroner
2011 DNA Backlog Reduction Program 2011-DN-BX-K444 (Direct)	16.741			186,131	Sheriff-Coroner
2012 DNA Backlog Reduction Program 2012-DN-BX-0056 (Direct)	16.741			80,834	Sheriff-Coroner
Subtotal 16.741				**510,774**	
2010 Coverdell National Forensic Science Improvement Grants Program (Indirect)	16.742	CQ10070300	CA Emergency Management Agency	-	Sheriff-Coroner
2010 Coverdell National Forensic Science Improvement 2010CDBX0057 (Direct)	16.742			-	Sheriff-Coroner
2011 Coverdell National Forensic Science Improvement Grants Program (Indirect)	16.742	CQ10070300	CA Emergency Management Agency	85,912	Sheriff-Coroner
2012 Coverdell National Forensic Science Improvement Grant Program (Indirect)	16.742	CQ12080300	CA Emergency Management Agency	39,859	Sheriff-Coroner
Subtotal 16.742				**125,771**	
Southwest Border Prosecution Initiative (SWBPI) (Direct)	16.755			16,842	District Attorney
Sheriff's Narcotic Program (SNP) Forfeitures (Direct)	16.922			1,065,400	Sheriff-Coroner
Regional Narcotics Suppression Program (RNSP) Forfeitures (Direct)	16.922			2,451,634	Sheriff-Coroner
MethLab/PROACT Asset Forfeitures (Direct)	16.922			173,926	Sheriff-Coroner
Department of Justice Forfeiture Program (Direct)	16.922			54,252	District Attorney
Subtotal 16.922				**3,745,212**	
DOJ-FBI-Orange County Joint Terrorism Task Force (OCJTTF) - Overtime (Direct)	16.999			69,572	Sheriff-Coroner
DOJ-FBI-Southern CA Regional Sexual Felony Enforcement Team (Direct)	16.999			15,229	Sheriff-Coroner

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
OC Regional Computer Forensics Laboratory (OCRCFL) (Direct)	16.999			48,118	District Attorney
Federal Bureau of Investigation - Computer Crime Lab (Direct)	16.999			29,872	Sheriff-Coroner
Federal Bureau of Investigation - Gang Task Force (Direct)	16.999			16,548	Sheriff-Coroner
Immigration and Customs Enforcement (ICE) (Direct)	16.999			4,081	District Attorney
Orange County Bank Robbery Task Force (BRAT) (Direct)	16.999			8,410	Sheriff-Coroner
Subtotal 16.999				**191,830**	
Subtotal - Department of Justice				**10,311,715**	
Department of Labor					
FY 2010-11 Title V - Senior Community Services Employment Program (Indirect)	17.235	TV1011-22	CA Dept. of Aging	-	OC Community Resources
FY 2011-12 Title V - Senior Community Services Employment Program (Indirect)	17.235	TV1112-22	CA Dept. of Aging	-	OC Community Resources
FY 2012-13 Title V - Senior Community Services Employment Program (Indirect)	17.235	TV1213-22	CA Dept. of Aging	690,135	OC Community Resources
Appropriation Act: Extended Title V - Senior Community Services Employment Program (Indirect)	17.235	AA 0910-22	CA Dept. of Aging	-	OC Community Resources
Subtotal 17.235				**690,135**	
Workforce Investment Act Title I Adult (2009) (Indirect)	17.258	K074158	CA Employment Development Dept.	-	OC Community Resources
Workforce Investment Act Title I Adult (2010) (Indirect)	17.258	K178677	CA Employment Development Dept.	-	OC Community Resources
Workforce Investment Act Title I Adult (2011) (Indirect)	17.258	K282492	CA Employment Development Dept.	1,886,407	OC Community Resources
Workforce Investment Act Title I Adult (2012) (Indirect)	17.258	K386314	CA Employment Development Dept.	2,312,162	OC Community Resources
ARRA: Alternative and Renewable Fuel Vehicle Technology Program (AB118) (Indirect)	17.258	K181940	CA Employment Development Dept.	-	OC Community Resources
Workforce Investment Act Title I Youth (2010) (Indirect)	17.259	K178677	CA Employment Development Dept.	224,759	OC Community Resources
Workforce Investment Act Title I Youth (2011) (Indirect)	17.259	K282492	CA Employment Development Dept.	2,417,844	OC Community Resources
Workforce Investment Act Title I Youth (2012) (Indirect)	17.259	K386314	CA Employment Development Dept.	2,502,466	OC Community Resources
Workforce Investment Act Title I Dislocated Worker (2009) (Indirect)	17.278	K074158	CA Employment Development Dept.	-	OC Community Resources
Workforce Investment Act Title I Dislocated Worker (2010) (Indirect)	17.278	K178677	CA Employment Development Dept.	100,000	OC Community Resources
Workforce Investment Act Title I Dislocated Worker (2011) (Indirect)	17.278	K282492	CA Employment Development Dept.	3,692,265	OC Community Resources
Workforce Investment Act Title I Dislocated Worker (2012) (Indirect)	17.278	K386314	CA Employment Development Dept.	4,140,412	OC Community Resources
Subtotal 17.258, 17.259 and 17.278 (WIA Cluster)				**17,276,315**	
Technology-Based Learning Initiative (Direct)	17.269			-	OC Community Resources
Community Based Job Training (Indirect)	17.269	CB-20565-10-60-A-6	Santa Monica College	$ 347,962	OC Community Resources
Subtotal 17.269				**347,962**	
CA Multi-Sector Workforce Partnership (Indirect)	17.277	11-W124	South Bay Workforce Investment Board, Inc.	231,315	OC Community Resources
Workforce Innovation Fund Grant - Info Tech Cluster Comp Project (Direct)	17.283			245,623	OC Community Resources
Subtotal - Department of Labor				**18,791,350**	
Department of Transportation					
Airport Improvement Programs 0233- 42 (Direct)	20.106			499,737	John Wayne Airport
Elevated Roadways Seismic Retrofit (Indirect)	20.205	12-5955	CA Dept. of Transportation	2,635,032	John Wayne Airport
Regional Transportation Surface Program (RSTP) (Indirect)	20.205	12-5955	CA Dept. of Transportation	3,028,106	OC Public Works
Transportation Equity Act for the 21st Century (TEA-21) (Indirect)	20.205	12-5955R	CA Dept. of Transportation	882,291	OC Public Works
Subtotal 20.205 (Highway Planning and Construction Cluster)				**6,545,429**	
New Freedom (Indirect)	20.521	C-9-0647	OC Transportation Authority	497,947	OC Community Resources
Subtotal 20.521 (Transit Services Programs Cluster)				**497,947**	

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COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
2010 OTS - Avoid the 12 Driving Under the Influence (DUI) Campaign (Indirect)	20.600	AL1099	CA Office of Traffic Safety	67,113	Sheriff-Coroner
2012 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.600	PT1369	CA Office of Traffic Safety	8,399	Sheriff-Coroner
Alcohol and Drug Impaired Driver Vertical Prosecution Program (Indirect)	20.601	AL1362	CA Office of Traffic Safety	22,054	Sheriff-Coroner
Alcohol and Drug Impaired Driver Vertical Prosecution Program (Indirect)	20.601	AL1362	CA Office of Traffic Safety	228,802	District Attorney
OC Partnership to Deter Driving Under the Influence of Drugs (DUID) Program (Indirect)	20.601	20362	CA Office of Traffic Safety	98,951	District Attorney
2012 Portable Evidential Breath Test (PEBT) & Enhanced Detection of DUID (Indirect)	20.601	20371	CA Office of Traffic Safety	891,879	Sheriff-Coroner
OC Medical Emergency Data System (OC-MEDS) Grant (Indirect)	20.610	TR1104	CA Office of Traffic Safety	-	Health Care Agency
Subtotal 20.600 and 20.601 (Highway Safety Cluster)				**1,317,198**	
2012 OTS - Avoid DUI Grant (Indirect)	20.608	AL1392	CA Office of Traffic Safety	43,144	Sheriff-Coroner
2012 OTS- STEP (Selective Traffic Enforcement Program) (Indirect)	20.608	PT1369	CA Office of Traffic Safety	50,897	Sheriff-Coroner
2012 UC Berkeley- Sobriety Checkpoint Grant Program (Indirect)	20.608	SC13530	CA Office of Traffic Safety	30,053	Sheriff-Coroner
Subtotal 20.608				**124,094**	
Subtotal - Department of Transportation				**8,984,405**	
Department of the Treasury					
MethLab/PROACT Asset Forfeitures (Direct)	21.000			-	Sheriff-Coroner
Regional Narcotics Suppression Program (RNSP) Forfeitures (Direct)	21.000			-	Sheriff-Coroner
Sheriff's Narcotic Program (SNP) Forfeitures (Direct)	21.000			317,808	Sheriff-Coroner
Department of Treasury Forfeiture Program (Direct)	21.000			-	District Attorney
Subtotal - Department of the Treasury				**317,808**	
Election Assistance Commission					
Help America Vote Act (HAVA) Post-Election Audit Program (Indirect)	90.403	12G27101	CA Secretary of State	3,728	Registrar of Voters
2010 Pre-Election Logic and Accuracy Testing and Post-Election Audit Initiative (Direct)	90.403			125,000	Registrar of Voters
Subtotal - Election Assistance Commission				**128,728**	
Environmental Protection Agency					
Beaches Environmental Assessment and Coastal Health (BEACH) Act Grant (Indirect)	66.472	12-044-250	CA Dept. of Public Health	$ 24,000	Health Care Agency
Contaminated Fish Monitoring (Direct)	66.802			11,575	Health Care Agency
Subtotal - Environmental Protection Agency				**35,575**	
Executive Office of the President					
High Intensity Drug Trafficking Area (HIDTA) (Direct)	95.001			1,113,152	Sheriff-Coroner
2010 Domestic Highway Enforcement (DHE) Team (Indirect)	95.001	G10LA0006A	County of Los Angeles, City of Monrovia	1,060	Sheriff-Coroner
2011 Domestic Highway Enforcement (DHE) Team (Indirect)	95.001	G11LA0006A	County of Los Angeles, City of Monrovia	5,928	Sheriff-Coroner
2012 Domestic Highway Enforcement (DHE) Team (Indirect)	95.001	G12LA0006A	County of Los Angeles, City of Monrovia	17,946	Sheriff-Coroner
Regional Methamphetamine Task Force (RMTF) (Direct)	95.001			84,787	Sheriff-Coroner
Subtotal - Executive Office of the President				**1,222,873**	
General Services Administration					
Help America Vote Act (HAVA) California Online Voter Registration (COVR) Project (Indirect)	39.011	11S52063	CA Secretary of State	239,240	Registrar of Voters
Subtotal - General Services Administration				**239,240**	
Institute of Museum and Library Services					
Library Services and Technology Act (LSTA): Play, Sing, & Read! (Indirect)	45.310	40-8192	CA State Library	44,100	OC Community Resources
Subtotal - Institute of Museum and Library Services				**44,100**	

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ County Program Name (Direct or Indirect) (1)	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Entity's Identifying Number (2)	Pass-Through Entity's Name	Federal Disbursements/ Expenditures	County Department
Grand Total				**$ 595,736,594**	

LEGEND:

(1) Indirect refers to Federal monies passed through various non-federal agencies, primarily State of CA agencies.
(2) The State of CA does not assign a pass-through identification number for certain programs through identification number is not listed for certain indirect programs

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

COUNTY OF ORANGE, CALIFORNIA (CA)
Schedule of Grant Expenditures
for Grants Provided by the CA Health and Human Services Agency, Department of Aging (1)
For the Year Ended June 30, 2013

Federal or State Grantor/Pass-through Entity/County Program Name/Direct or Indirect	Catalog of Federal Domestic Assistance Number (CFDA #)	Pass-Through Entity's Indentifying Number (2)	Grant Award Federal	Grant Award State	Grant Award Total	Expenditures Federal	Expenditures State	Expenditures Total
U.S. Department of Agriculture								
Pass-through the CA Department of Aging:								
Value of Senior Farmer's Market Coupons (Indirect)	10.576		$ 35,000	$ -	$ 35,000	$ 31,000	$ -	$ 31,000
Total U.S. Department of Agriculture			35,000	-	35,000	31,000	-	31,000
U.S. Department of Health and Human Services								
Pass-through the CA Department of Aging:								
Title VII-B: Elder Abuse Prevention (Indirect)	93.041	AP1213-22	38,711	-	38,711	38,711	-	38,711
Title VII-A: Ombudsman (Indirect)	93.042	AP1213-22	99,269	-	99,269	99,269	-	99,269
Title III-D: Preventive Health (Indirect)	93.043	AP1213-22	155,002	-	155,002	155,002	-	155,002
Title III-B: Senior Supportive Services (Indirect)	93.044	AP1213-22	2,448,854	-	2,448,854	2,390,623	-	2,390,623
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	AP1213-22	2,070,914	1,480	2,072,394	2,070,914	1,480	2,072,394
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	AP1213-22	2,432,077	394	2,432,471	2,432,077	394	2,432,471
Title III-C1: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP1213-22	329,698	-	329,698	329,698	-	329,698
Title III-C2: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	AP1213-22	955,443	-	955,443	955,443	-	955,443
Subtotal 93.044, 93.045, 93.053 (Aging Cluster)			8,236,986	1,874	8,238,860	8,178,755	1,874	8,180,629
National Family Caregiver Support Program (Indirect)	93.052	AP1213-22	1,128,654	-	1,128,654	1,128,654	-	1,128,654
Health Insurance Counseling and Advocacy Program (Indirect)	93.779	HI1213-22	204,582	420,147	624,729	204,582	420,147	624,729
Total U.S. Department of Health and Human Services			9,863,204	422,021	10,285,225	9,804,973	422,021	10,226,994
U.S. Department of Labor								
Pass-through the CA Department of Aging:								
FY 2012-13 Title V - Senior Community Services Employment Program (Indirect)	17.235	TV1213-22	774,770	-	774,770	690,135	-	690,135
Total U.S. Department of Labor			774,770	-	774,770	690,135	-	690,135
CA Health and Human Services Agency								
Pass-through the CA Department of Aging:								
Long Term Care Ombudsman Program								
Special Deposit Fund (SDF) - State Health Facilities Citation Penalties Account		AP1213-22	-	75,157	75,157	-	75,157	75,157
Skilled Nursing Facility Quality & Accountatbility Fund (SNFQAF)		AP1213-22	-	175,385	175,385	-	175,385	175,385
Total CA Health and Human Services Agency			-	250,542	250,542	-	250,542	250,542
Total			$ 10,672,974	$ 672,563	$ 11,345,537	$ 10,526,108	$ 672,563	$ 11,198,671

(1) All federal and state grants provided to the County of Orange, CA by the CA Health and Human Services Agency, Department of Aging.
(2) The State of CA does not assign a pass-through identification number for certain programs passed to the County. Accordingly, a pass-through identification number is not listed for certain indirect programs.

See accompanying Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging

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COUNTY OF ORANGE, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging
For the Year Ended June 30, 2013

(1) GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the County of Orange, California (County). The County's reporting entity is defined in Note 1 of the notes to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies, primarily the State of California, are included on the schedule.

(2) BASIS OF ACCOUNTING

The accompanying SEFA and Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging, are presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 1 of the County's basic financial statements.

(3) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures and the Schedule of Grant Expenditures for Grants Provided by the California Health and Human Services Agency, Department of Aging, agree or can be reconciled with the amounts reported in the County's basic financial statements.

(4) RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying SEFA are in material agreement with the amounts reported in the related federal financial reports for the federal award programs.

(5) CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY, DEPARTMENT OF AGING

At the request of the California Health and Human Services Agency, Department of Aging, the schedule of grant expenditures for their grant programs is included as a supplementary schedule on page 14.

(6) PASS-THROUGH AWARDS TO SUBRECIPIENTS

Included in the total expenditures of federal awards are the following amounts passed through to subrecipients:

County Program Title (Direct/Indirect)	CFDA #	Amount Provided to Subrecipient for the Year Ended June 30, 2013
Network for a Healthy CA (Indirect)	10.561	$ 267,861
Value of Senior Farmer's Market Coupons (Indirect)	10.576	31,000
Title VII-B: Elder Abuse Prevention (Indirect)	93.041	38,711
Title VII-A: Ombudsman (Indirect)	93.042	99,269
Title III-B: Senior Supportive Services (Indirect)	93.044	1,899,207
Title III-C1: Congregate Meals for Seniors (Indirect)	93.045	1,771,479
Title III-C2: Home Delivered Meals for Seniors (Indirect)	93.045	2,280,608
Title III-C1: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	329,698
Title III-C2: Nutrition Services Incentive Program (NSIP) (Indirect)	93.053	955,443
National Family Caregiver Support Program (Indirect)	93.052	783,065
Projects for Assistance in Transition from Homelessness (PATH) Grant (Indirect)	93.150	557,671
Refugee Employment Social Services (Indirect)	93.566	319,351
Targeted Assistance (Indirect)	93.576	30,789
Targeted Assistance Grant (Indirect)	93.584	188,621
Medi-Cal Administrative Activities (MAA) (Indirect)	93.778	775,866
Medi-Cal Targeted Case Management (TCM) (Indirect)	93.778	1,039,370
Health Insurance Counseling and Advocacy Program (Indirect)	93.779	186,349
Minority AIDS Initiative (MAI) (Direct)	93.914	298,159
Ryan White Part A (Direct)	93.914	2,792,453
Prevention, Testing and Partner Services (Indirect)	93.917	480,910
Care Services (Indirect)	93.917	129,237
Human Immunodeficiency Virus (HIV) Expanded Testing (Indirect)	93.917	319,759
Ryan White Part C (HIV Primary Care) (Direct)	93.918	152,021
Block Grants for Community Mental Health Services - Substance Abuse and Mental Health Services Administration (SAMHSA) (Indirect)	93.958	1,246,393
Alcohol and Drug Program (Indirect)	93.959	10,687,833
Maternal and Child Health (MCH) Allocation Title V and XIX (Indirect)	93.994	2,845
2011 Emergency Management Preparedness Grant (EMPG) (Indirect)	97.042	235,531
2008 Homeland Security Grant - Metropolitan Medical Response System (MMRS) (Indirect)	97.067	326,033

COUNTY OF ORANGE, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards and the Schedule of Grant Expenditures for Grants Provided by the CA Health and Human Services Agency, Department of Aging (Continued)
For the Year Ended June 30, 2013

County Program Title (Direct/Indirect)	**CFDA #**	**Amount Provided to Subrecipient for the Year Ended June 30, 2013**
2009 Homeland Security Grant -Metropolitan Medical Response System (MMRS) (Indirect)	97.067	$ 943,424
2010 Homeland Security Grant -Metropolitan Medical Response System (MMRS) (Indirect)	97.067	649,647
2009 State Homeland Security Program (SHSP) (Indirect)	97.067	292,208
2010 State Homeland Security Program (SHSP) (Indirect)	97.067	921,657
2011 Homeland Security Program (SHSP) (Indirect)	97.067	240,973
2010 Buffer Zone Protection Program (BZPP) (Indirect)	97.078	385,277
Neighborhood Stabilization Program (Direct)	14.218	943,317
Community Development Block Grant (Direct)	14.218	2,898,917
Emergency Shelter Grant Program (Direct)	14.231	249,929
Housing Opportunities for Persons with AIDS (HOPWA) (Indirect)	14.241	482,285
Child Abuse Treatment Services (Indirect)	16.575	244,062
ARRA: Violence Against Women Vertical Prosecution (Indirect)	16.588	17,674
2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738	62,939
2010 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738	330,226
2011 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738	195,999
2012 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.738	93,722
2011 Anti-Drug Abuse Enforcement Program (Indirect)	16.738	58,000
2012 Anti-Drug Abuse (ADA)Enforcement Team Program (Indirect)	16.738	75,816
ARRA: 2009 Edward Byrne Memorial Justice Assistance Grant (JAG) (Direct)	16.804	188,979
Workforce Investment Act Title I Adult (2011) (Indirect)	17.258	1,427,995
Workforce Investment Act Title I Adult (2012) (Indirect)	17.258	1,689,941
Workforce Investment Act Title I Youth (2010) (Indirect)	17.259	46,850
Workforce Investment Act Title I Youth (2011) (Indirect)	17.259	1,694,417
Workforce Investment Act Title I Youth (2012) (Indirect)	17.259	1,644,519
Workforce Investment Act Title I Dislocated Worker (2010) (Indirect)	17.278	66,250
Workforce Investment Act Title I Dislocated Worker (2011) (Indirect)	17.278	2,586,606
Workforce Investment Act Title I Dislocated Worker (2012) (Indirect)	17.278	3,731,856
Community Based Job Training (Indirect)	17.269	346,578
CA Multi-Sector Workforce Partnership (Indirect)	17.277	214,182
Workforce Innovation Fund Grant - Info Tech Cluster Comp Project (Direct)	17.283	235,472
New Freedom (Indirect)	20.521	448,072
OC Partnership to Deter Driving Under the Influence of Drugs (DUID) Program (Indirect)	20.601	47,890
Total		**51,681,211**

(7) OUTSTANDING LOANS OF FEDERAL FUNDS

The following schedule presents the amount of outstanding loans by CFDA number. All loans are provided by the U.S Department of Housing and Urban Development (HUD):

CFDA No.	Federal Program Name	Outstanding Loans at June 30, 2013	Prior Year Loans with Continuing Compliance Requirements	New Loans for the Fiscal Year Ended June 30, 2013
14.218	Community Development Block Grant (Direct)	$ 2,907,590	$ 2,907,590	$ -
14.239	HOME Investment Partnerships Program (Direct)	22,162,861	19,340,165	2,822,696

COUNTY OF ORANGE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I – Summary of Auditor's Results

Financial statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness (es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness (es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.561	SNAP Cluster
93.558	TANF Cluster
93.658	Foster Care Title IV-E
93.667	Social Services Block Grant
93.778	Medicaid Cluster
93.914	HIV Emergency Relief Project Grants
93.917	HIV Care Formula Grants
14.238	Shelter Plus Care
14.239	HOME Investment Partnerships Program
14.871	Housing Voucher Cluster
16.738, 16.804	JAG Program Cluster
16.922	Equitable Sharing Program

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000
Auditee qualified as a low-risk auditee?	Yes

<u>Section II – Financial Statement Findings</u>

Finding 2013-01: CAPITAL ASSETS
(Significant Deficiency)

Criteria

Generally accepted accounting principles require that a governmental entity report capital assets if the entity has ownership of the property; or in cases where ownership cannot be determined, the governmental entity would report the capital asset if it has the responsibility for managing and/or maintaining the asset.

Generally accepted accounting principles require that assets be considered depreciable when placed into service.

Generally accepted accounting principles require that capital related expenditures be capitalized in the year in which they are incurred.

Condition

During our audit of the capital asset balances for the Governmental Activities, we noted the following:

- ***Decreases in Capital Assets.*** We noted a property with a book value of $41.7 million that was transferred to the State of California (State) on June 28, 2012 (FY 2012) and recorded at the County's Clerk-Recorder Office on July 13, 2012 (FY 2013). The County recorded the decrease to the capital asset balance in FY 2013. According to the California Civil Code Division 2 *Property*, Part 4 *Acquisition of Property*, Title 4 *Transfer*, a deed granting the transfer of property is valid if all of the following circumstances are met:

    1. The deed is in writing;
    2. The parties are properly described;
    3. The properties must be competent to convey and capable of receiving the grant of property;
    4. The property conveyed must be described so as to distinguish it from other property;
    5. There must be a granting clause, operative words of conveyance;
    6. The deed must be signed by the party or parties making the conveyance or grant;
    7. It must be delivered and accepted.

  Based on our review of transfer documents, the preceding conditions were met as the Certificate of Acceptance was appropriately signed and executed by the County and the State on June 28, 2012, thus, the decrease in the County's structures and improvements capital asset balance should have been recorded in FY 2012, rather than in FY 2013.

- ***Completion of Capital Projects.*** We noted several assets were placed into service in a prior year; however, these were not transferred in the accounting records to a depreciable asset category in the year placed into service. Therefore, when the asset was transferred to a depreciable category, the County captured depreciation expense for the period between the date the asset was placed into service through the date of the transfer in the accounting records, thus overstating depreciation expense in the current year. Also, certain expenditures incurred in prior years for these projects, such as internal charges and design costs, were capitalized in the year the asset was transferred to a depreciable asset category rather than the year incurred.
- ***Ownership of Capital Assets.*** We noted the County capitalized costs for assets and related improvements not owned by the County.
- ***Capitalization of Expenditures in the Proper Year.*** We noted a software development project for which the County capitalized certain FY 2012 expenditures in FY 2013.

Cause

The cause for each condition is as follows:

- ***Decreases in Capital Assets.*** The County researched this issue in FY 2012, but did not consider California Civil Code Division 2 *Property*, Part 4 *Acquisition of Property*, Title 4 *Transfer,* thus resulting in a different conclusion as to the accounting treatment. The County recorded the transfer based on the deed recording date, rather than the certificate of acceptance date.
- ***Completion of Capital Projects***. The County's Auditor-Controller, General Ledger Unit relies on each County department to provide the status of ongoing projects. The County's long standing practice is to allow departments to wait for the final payment of project costs and complete the final reconciliation and accounting of project costs prior to transferring completed assets to depreciable categories. The analysis of certain project costs, such as internal charges and design costs, may not occur until this final accounting. This process, on average, could take up to two years, thus delaying the capture of depreciation expense in the early years of service.
- ***Ownership of Capital Assets.*** The project teams at various departments do not communicate to the County's Auditor-Controller, General Ledger Unit when there is a project which the County will not own to exclude the capital outlay from construction in progress until the project is completed.
- ***Capitalization of Expenditures in the Proper Year.*** The project team submitted a revised project cost schedule for FY 2012 expenditures, but due to an inadvertent error, the original project cost schedule was used by the County when recording additions to the intangible asset in process balance. As such, in FY 2013, the difference in amounts between the original and revised FY 2012 project cost schedule was recorded as an addition to the intangible asset in process balance.

Effect

As a result of the preceding misstatements noted during the audit, management performed an additional analysis of open capital projects to identify and value the effect of similar errors. The table below summarizes the effect of the adjustments identified on beginning net position for Governmental Activities and current year expenses (amounts in millions):

	Effect on Beginning Net Position	Effect on Current Year Expenses	Total Net Effect on Net Position
Decreases in Capital Assets	$ (41.7)	$ 41.7	$ -
Completion of Capital Projects	59.2	(12.1)	47.1
Ownership of Capital Assets	(37.2)	(67.7)	(104.9)
Capitalization of Expenditures in Proper Year	4.2	-	4.2
Net Adjustment corrected in the CAFR	(15.5)	(38.1)	(53.6)
Passed Reclassification - Ownership of capital assets	(37.4)	37.4	-
Effect of Adjustments Identified	$ (52.9)	$ (0.7)	$ (53.6)

In addition, $28.6 million of capital assets were placed into service during FY 2013, and not captured in the depreciable asset category. This was corrected and the appropriate depreciation expense was recorded.

Recommendation for Corrective Action

We recommend that the County review and evaluate its current policies and procedures related to capital asset accounting and implement revisions as appropriate, to ensure that capital assets are timely captured in the appropriate category (depreciable and non-depreciable) and depreciation is reported in the correct period; expenditures intended for capitalization are captured as such in the appropriate period; and assets transferred to third parties are recorded when legal title is transferred and accepted. In addition, training should be provided to the departments to ensure compliance with policies and procedures and accurate reporting of capital assets.

Views of Responsible Officials

Concur. The Auditor-Controller's General Ledger Unit has developed a new survey that will be distributed to County departments by March 31, 2014. The survey will gather relevant data on capital projects in process such as asset ownership at completion, anticipated project completion date, and certain internal and design costs to facilitate more complete, accurate, and timely accounting of the projects as of June 30, 2014. On March 18, 2014, a training course to discuss the new survey was provided to the key accounting managers of those County departments with capital projects. The Auditor-Controller is currently reviewing and revising their current policies and procedures for capital assets. Within the next year, the Auditor-Controller will update and distribute to the County departments updated County Accounting Manual policies for capital assets.

Finding 2013-02: ACCRETED INTEREST
(Significant Deficiency)

Criteria

Generally accepted accounting principles require that the difference between the principal amount and actual cash payment made on capital appreciation debt be applied to amortize the accreted interest portion of the outstanding liability.

Condition

During our audit of the County's long-term debt, we noted that the County had three capital appreciation debt issues at June 30, 2013:

- 1991 Refunding Certificates of Participation;
- 1996A Taxable Pension Obligation Bonds; and
- 1997A Taxable Pension Obligation Bonds.

The County did not correctly account for the amortization of the accreted interest payable balance related to those debt issues.

Effect

As a result of the condition, the County's long-term liabilities for Governmental Activities were overstated by $57.7 million as of July 1, 2012.

Recommendation for Corrective Action

We recommend the County's CEO Public Finance Unit develop an amortization schedule, which includes the annual principal reduction, cash payments, and amortization of accreted interest to ensure capital appreciation debt is properly reported.

Views of Responsible Officials

Concur. CEO Public Finance Accounting has updated the accretion schedules to include amortization of the accreted interest.

Finding 2013-03: HEALTH CARE AGENCY EXPENDITURE AND REVENUE ACCRUALS
(Significant Deficiency)

Criteria

Generally accepted accounting principles require that expenditures be recorded when incurred. Any related revenue reimbursements should be accrued in the period the eligible expenditures were incurred. Interpretation No. 6 of the Governmental Accounting Standards Board (GASB), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, paragraph 9 requires that "a government accrue a governmental fund liability and expenditure for most expenditures and transfers in which the government incurs the liability." Furthermore, paragraph 11 of GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards,* states that "identifying recognized events that require adjustment of the financial statements, calls for the exercise of professional judgment and knowledge of the facts and circumstances" when considering events occurring subsequent to the date of the financial statements.

Condition

During our audit of expenditures reported in the General Fund, we identified an invoice in the amount of $29.9 million, which was dated October 10, 2012 from Advanced Medical Management Inc. The service description was for a final settlement payment related to indigent medical care claims incurred during the period November 1, 2010 through June 30, 2011, which were to be funded 50% by the Low Income Health Program (LIHP) for which reimbursement protocols had just been implemented by the California Department of Health Care Services (DHCS) in August 2012. After confirming the LIHP requirements and reimbursement protocols with the DHCS program, we concluded that this invoice should have been accrued and related revenue deferred in the General Fund as of June 30, 2012, and revenue in Governmental Activities.

Cause

The County did not accrue this invoice as it was not estimable for the fiscal year the services were incurred in FY 2010-11 and only became known when the invoice was received. The receipt of the invoice fell outside of the County's closing scheduled cut-off for year-end accruals and was not properly evaluated for FY 2012.

Effect

This error resulted in a restatement of beginning net position for Governmental Activities in the net amount of $15 million (revenues of $14.9 million offset by expenses of $29.9 million), and a restatement of beginning fund balance in the General Fund in the amount of $29.9 million for revenues and expenditures that should have been recognized FY 2012. There was no revenue impact to the General Fund in FY 2012, because the availability criterion under the modified accrual basis of accounting was not met.

Recommendation for Corrective Action

The County should emphasize the importance of identifying and evaluating significant transactions occurring subsequent to the financial reporting period through the date of the completion of the audit to determine whether any transactions should be reported in the current financial reporting period and clarify the process for reporting these items to the Auditor-Controller, Financial Reporting Unit.

Views of Responsible Officials

Concur. The Auditor-Controller will enhance its procedures and training for evaluating and reporting significant transactions to the Auditor-Controller's Financial Reporting Unit that occur or become known subsequent to the County's fiscal year closing and prior to the issuance of the County's Comprehensive Annual Financial Report.

Finding 2013-04: SANTA ANA RIVER MAINSTEM PROJECT CLAIM REVENUE RECOGNITION
(Significant Deficiency)

Criteria

Revenue recognition should be based on the accrual basis of accounting in accordance with generally accepted accounting principles, which requires revenue to be recognized when earned. Revenue is considered earned when the County has substantially met its obligation to be entitled to the benefits represented by the revenue. In the case of reimbursement revenue for eligible expenses/expenditures, the revenue should be recognized in the year the eligible expenses are incurred for Governmental Activities, and when eligible expenditures are incurred and revenues meet the availability criteria for governmental funds.

Condition

During our audit of the Santa Ana River Mainstem Project revenues, we noted that the County was recording the receivable and related revenue when the claims for eligible expenses/expenditures were approved and submitted rather than when the eligible expenses/expenditures were incurred in the Governmental Activities and Flood Control District special revenue fund, respectively. Additionally, we noted that the County was not recording the 5% allowance reserve against revenues for amounts claimed since revenue was recorded only when eligible expenses/expenditures were approved.

Cause

The County had considered reimbursements earned when approved internally, rather than when the eligible expenditures were incurred.

Effect

This error resulted in a restatement of beginning net position for Governmental Activities in the amount of $39.9 million. Additionally, an adjustment in the amount of $34.1 million was made to record receivables and deferred revenues, as revenues did not meet the County's availability criteria, in the Flood Control District special revenue fund, net of the 5% allowance, for eligible expenditures incurred during FY 2013.

Recommendation for Corrective Action

We recommend that the County evaluate expenses/expenditures to be claimed for reimbursement to ensure revenue accruals are appropriately captured, regardless of when the reimbursement claim is prepared, approved and/or submitted.

Views of Responsible Officials

Concur. The Auditor-Controller will enhance its revenue recognition procedures and training, including evaluation of expenditures, to ensure revenue is appropriately captured through the accrual process.

Section III – Federal Award Findings and Questioned Costs

Finding 2013-05: Lack of Subrecipient Monitoring

Reference Number:	2013-05
Federal Program Title:	Medical Assistance Program Federal Catalog Number: 93.778
Federal Agency:	Department of Health and Human Services
Pass-Through Entity:	California Department of Health Care Services
Pass-Through Award Numbers:	30-0713A2, 09-86031 A01
Category of Finding:	Subrecipient Monitoring

Criteria

In accordance with OMB A-133; Subpart D—Federal Agencies and Pass-through Entities; §__.400 "*A pass-through entity is responsible for: […](d)(2) advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity; (d)(3) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and the performance goals are achieved; (d)(4) ensure that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year; (d)(5) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.*"

Condition and Context

During our audit, we noted that the Orange County Health Care Agency (OCHCA) passed through approximately $1,815,236 of the $86,710,665 Federal Medicaid funds for Medi-Cal Administrative Activities (MAA) and Medical Targeted Case Management (TCM) programs to Community Based Organizations (CBOs) during FY 2013, but were not aware of the subrecipient relationship with such CBOs. The County has performed monitoring procedures in conjunction with their review of the CBO claim activities, based on their responsibilities set forth in the Provider Participation Agreement with the State, as well as performed frequent site visits and periodic trainings to such CBOs. However, the County did not fulfill other certain pass-through entity's responsibilities in accordance with the subrecipient monitoring compliance requirements under OMB Circular A-133 as follows:

- Determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or before award.
- Identifying to the subrecipient the Federal award information.

- Ensuring that subrecipients expending $500,000 or more in Federal awards have the required audits completed within nine months of the end of the subrecipient's audit period.
- Issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report.
- Ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.
- Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Cause

The provider participation agreement between OCHCA and the California Department of Health Care Services outlining the responsibilities of a qualified local governmental agency as a Provider relative to the TCM and MAA services did not specifically define the relationship between OCHCA and the entities receiving Federal funds as a subrecipient relationship. Upon further inquiry with the California Department of Health Care Services, management has received specific instruction that such CBOs are subrecipients of OCHCA and thus requiring OCHCA to perform certain additional pass-through responsibilities as it relates to subrecipient monitoring.

Effect

While the County performed monitoring procedures in conjunction with their review of the CBO claim activities based on their responsibilities set forth in the Provider Participation Agreement with the State, they did not comply with other certain subrecipient monitoring compliance requirements, such as the collection and review of Single Audit reports, which may have identified areas of noncompliance which would have required additional action on behalf of the County as the pass-through entity.

Questioned Costs

None

Recommendation

We recommend that the County enhance policies and procedures to comply with all subrecipient monitoring procedures in accordance with the guidance set-forth under OMB Circular A-133.

Views of Responsible Officials and Planned Corrective Action

Concur. The Health Care Agency will enhance their policies and procedures to ensure all subrecipients are properly identified and comply with the requirements of OMB Circular A-133. All updates and revisions will be implemented prior to June 30, 2014.

Finding 2013-06: Suspension, Debarment, and Exclusion Verification

Reference Number:	2013-06
Federal Program Title:	Equitable Sharing Program
Federal Catalog Number:	16.922
Federal Agency:	U.S. Department of Justice
Federal Award Numbers:	Sheriff's Narcotic Program (SNP) Forfeitures, Regional Narcotics Suppression Program (RNSP) Forfeitures
Category of Finding:	Procurement, Suspension, and Debarment

Criteria

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards (e.g., the County) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

According to 2 CFR part 180.300, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the System for Award Management (SAM) website (www.sam.gov), collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

Condition and Context

During our review, we noted that management entered into 11 new contracts for goods and services related to the SNP and RNSP during the 2013 fiscal year. With regards to procurement, management is required to complete the following:

a. Ensure that their procurement policies and procedures require that solicitations incorporate a clear and accurate description of technical requirements for the material, service or good procured. Also such policy should incorporate a written policy on ethical conduct.

b. Contract files should document the significant procurement history, including the rationale for procurement, contractor selection or rejection and the basis for contract price. Further, they should verify that contract files exist and ascertain if appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.

c. Verify that procurements provide full and open competition.

d. Examine documentation in support of the rationale to limit competition, if applicable.

e. Verify that the entity with which it plans to enter into a covered transaction and any of its principals is not debarred, suspended or otherwise excluded.

We noted that management complied with procurement procedures a-d noted above, but did not verify the 11 new vendors for suspension or debarment until after the contract was awarded. However, upon subsequent review, none of the 11 new vendors were suspended, debarred or otherwise excluded.

Cause

Based on our review, the Purchasing Department has a process in place to verify suspension, debarment, and exclusion for all contracts/contract amendments, except for contracts/contract amendments under the Regional Narcotics Suppression Program (RNSP) and Sheriff's Narcotic Program (SNP) as funded by the Department of Justice Equitable Sharing Program. To comply with the Federal requirement, the Purchasing Department completed its suspension, debarment, and exclusion verification for all existing contracts funded by the Department of Justice Equitable Sharing Program, and noted that none of the vendors were suspended, debarred, or excluded.

Furthermore, the Purchasing Department currently ensures that verification for suspension, debarment, and exclusion is completed for new contracts/contract amendments.

Effect

Absence of verification for suspension and debarment may lead to incurring expenditures that are not eligible for federal reimbursement because such entities may be suspended, debarred or otherwise excluded.

Questioned Costs

None noted.

Recommendation

We recommend that the Purchasing Department continues to ensure that the current process of verification for suspension, debarment, and exclusion is completed before the contracts/contract amendments effective date.

Views of Responsible Officials and Planned Corrective Action

Concur. The Purchasing Unit implemented corrective action effective immediately to check the System for Award Management (SAM) prior to issuance of a contract with all vendors. This will allow us to standardize our process and eliminate questions on what is considered grants, RNSP, and SNP purchases.

Finding 2013-07: Contract Approval

Reference Number:	2013-07
Federal Program Title:	Equitable Sharing Program
Federal Catalog Number:	16.922
Federal Agency:	U.S. Department of Justice
Federal Award Numbers:	Sheriff's Narcotic Program (SNP) Forfeitures, Regional Narcotics Suppression Program (RNSP) Forfeitures
Category of Finding:	Procurement, Suspension, and Debarment

Criteria

According to 2 CFR part 215.44(a), all recipients shall establish written procurement procedures.

Furthermore, effective July 1, 2012, the Financial/Administrative Services of the Orange County Sheriff's Department revised the list of authorized Deputy Purchasing Agent's signatories and related monetary limit for purchase orders, master agreements, contracts, change orders, and amendments, which was provided to the Auditor-Controller.

Condition and Context

Based on our audit, we noted that 1 out of the 20 contracts/contract amendments was inappropriately approved by a Deputy Purchasing Agent. The contract that was inappropriately approved relates to a commodity purchase for $119,000; and the Deputy Purchasing Agent's authorized limit is only $100,000.

Cause

The condition noted was due to oversight. In an attempt to consolidate the various commodity contracts in order to be consistent with expiration dates, the Deputy Purchasing Agent approved the consolidated contract without evaluating the final contract amount.

Effect

Should individuals approve contracts in excess of their authorized limits, the intended level of review by the designated individuals isn't operating effectively and as a result expenditures may be approved that may not be in accordance with the grant guidelines or proper procurement procedures.

Questioned Costs

None noted. The purchased commodity is deemed allowed per the Equitable Sharing Program.

Recommendation

We recommend that the Purchasing Department comply with the authorized limits established for purchase orders, master agreements, contracts, change orders, and amendments.

Views of Responsible Officials and Planned Corrective Action

Concur. The Purchasing Unit will ensure compliance with authorized limits for signature authority.

Finding 2013-08: Federal Funding Accountability and Transparency Act of 2006 (FFATA)

Reference Number:	2013-08
Federal Program Title:	Edward Byrne Memorial Justice Assistance Grant (JAG)
Federal Catalog Number:	16.738
Federal Agency:	U.S. Department of Justice
Federal Award Numbers:	2011-DJ-BX-2532 and 2012-DJ-BX-0057
Category of Finding:	Reporting

Criteria

According to 2 CFR part 170.100, "This part provides guidance to agencies to establish requirements for recipients' reporting of information on subawards and executive total compensation, as required by the Federal Funding Accountability and Transparency Act of 2006."

According to 2 CFR Appendix A (2) to part 170, (i) you must report each obligating action described in paragraph a.1. of this award term to *http://www.fsrs.gov*. (ii) For subaward information, report no later than the end of the month following the month in which the obligation was made.

Condition and Context

Based on our audit, we noted that the Sheriff Department submitted the Federal Funding Accountability and Transparency Act Subaward Reports for the 2011 JAG and 2012 JAG funds on November 14, 2012 and November 15, 2012, respectively. The report submissions were later than the end of the month following the month in which the obligations were made. The 2011 JAG and 2012 JAG obligation occurred on August 12, 2011 and June 29, 2012, respectively.

Cause

The condition noted was due to oversight in report due date.

Effect

As a result of management not timely filing their FFATA subaward reports within the required due dates, there is a delay in the communication of subaward financial information in the requested format that may be pertinent to the federal grantor.

Questioned Costs

None noted.

Recommendation

We recommend that the Sheriff Department enhance procedures to ensure that all required reports are submitted on a timely basis.

Views of Responsible Officials and Planned Corrective Action

Concur. The grants unit in the Sheriff Department is now staffed with new personnel as of the beginning of 2014. They have all been trained on the required deadlines and the importance of ensuring these reports are submitted in a timely fashion.

COUNTY OF ORANGE, CALIFORNIA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2013

Prior Year Financial Statement Findings		
Finding No.	**Finding Description**	**Status of Corrective Action**
2012-01	Year-end Closing Process Related to Bridge and Temporary Transfers	Implemented

Prior Year Federal Award Findings				
Finding No.	**Program**	**CFDA No.**	**Compliance Requirements**	**Status of Corrective Action**
2012-02	JAG Program Cluster	16.738, 16.803, 16.804	Special Tests and Provisions - ARRA Subrecipient Monitoring	Implemented
2012-03	State Criminal Alien Assistance Program	16.606	Eligibility	Implemented
2012-04	Equitable Sharing Program and JAG Program Cluster	16.922, 16.738, 16.803, 16.804	Reporting	Implemented
2012-05	Equitable Sharing Program	16.922	Special Tests and Provisions	Implemented
2012-06	HOME Investment Partnerships Program	14.239	Reporting	Implemented
2012-07	HIV Emergency Relief Program Grants	93.914	Eligibility	Implemented
2012-08	HIV Emergency Relief Program Grants	93.914	Subrecipient Monitoring	Implemented
2012-09	Foster Care Title IV-E	93.658	Eligibility	Implemented
2012-10	TANF Cluster	93.558	Eligibility and Speical Tests and Provisions	Implemented
2012-11	Medicaid Cluster	93.778	Eligibility	Implemented
2012-12	SNAP Cluster	10.561	Special Tests and Provisions - ADP System for SNAP	Implemented