

COUNTY OF SANTA CLARA

Single Audit Report

For the Fiscal Year Ended June 30, 2003

COUNTY OF SANTA CLARA
Single Audit Report
For the Fiscal Year Ended June 30, 2003

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The Honorable Members of the
 Board of Supervisors of the
 County of Santa Clara
 San Jose, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
 CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
 BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

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 remaining fund information of the County of Santa Clara, California, (the County), as of and for the fiscal year ended June 30, 2003, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 12, 2003, except as to Note 16(b) which is as of December 18, 2003. Our report included an explanatory paragraph due to the County adopting the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*. We did not audit the financial statements of the FIRST 5 Santa Clara County; the County Sanitation Districts 2 - 3 of Santa Clara County; the Santa Clara County Vector Control District; the Santa Clara County Central Fire Protection District; and the Los Altos Hills County Fire District, which represent the following percentages of assets and revenues as of and for the fiscal year ended June 30, 2003:

Opinion Unit	Assets	Revenues
Governmental activities	2.9%	2.9%
Business-type activities	2.9%	0.4%
Discretely presented component units	59.5%	9.6%
Aggregate remaining fund information	1.6%	0.7%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of the County in a separate letter dated December 12, 2003.

This report is intended solely for the information and use of the Board of Supervisors, County management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Sinn & Company LLP
Certified Public Accountants

Walnut Creek, California
December 12, 2003



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The Honorable Members of the
 Board of Supervisors of the
 County of Santa Clara
 San Jose, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
 APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER
 COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of County of Santa Clara, California (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Housing Authority of the County of Santa Clara (Housing Authority), which expended \$245,513,302 in federal awards, which is not included in the schedule of expenditures of federal awards for the fiscal year ended June 30, 2003. Our audit, described below, did not include the operations of the Housing Authority because we audited and reported on the Housing Authority in accordance with OMB Circular A-133 as a separate engagement.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2003-02 and 2003-03.

Offices located throughout California

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Schedule of Expenditures of Federal Awards,

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 remaining fund information of the County as of and for the fiscal year ended June 30, 2003, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 12, 2003, except as to Note 16(b) which is as of December 18, 2003. Our report included an explanatory paragraph due to the County adopting the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. We did not audit the financial statements of the FIRST 5 Santa Clara County; the County Sanitation Districts 2 – 3 of Santa Clara County; the Santa Clara County Vector Control District; the Santa Clara County Central Fire Protection District; and the Los Altos Hills County Fire District, which represent the following percentages of assets and revenues as of and for the fiscal year ended June 30, 2003:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Revenues</u>
Governmental activities	2.9%	2.9%
Business-type activities	2.9%	0.4%
Discretely presented component units	59.5%	9.6%
Aggregate remaining fund information	1.6%	0.7%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional

analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Supervisors, County management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macios, Dini & Company LLP
Certified Public Accountants

Walnut Creek, California
December 12, 2003

COUNTY OF SANTA CLARA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2003

Federal Grantor/Grant Name	Federal CFDA No.	Expenditures
U.S. Department of Agriculture		
<u>Direct Program</u>		
Food Stamps	10.551	\$ 42,991,284
<u>Passed Through State Department of Social Services</u>		
State Administrative Matching Grants for Food Stamp Program	10.561	<u>11,854,901</u>
Subtotal Food Stamps Cluster		<u>54,846,185</u>
Special Supplemental Nutrition Program for Women, Infants and Child	10.557	1,369,591
Nutrition Services Incentive	10.570	625,490
<u>Passed Through State Department of Agriculture</u>		
Inspection Grading and Standardization	10.162	739
<u>Passed Through State Department of Education</u>		
Food Donation Program	10.550	50,082
School Breakfast Program	10.553	224,686
National School Lunch Program	10.555	<u>331,487</u>
Subtotal National School Lunch and Breakfast Program Cluster		<u>556,173</u>
Total U.S. Department of Agriculture		<u>57,448,260</u>
U.S. Department of Housing and Urban Development		
<u>Direct Programs</u>		
Community Development Block Grants/Entitlement Grants	14.218	2,828,457
Emergency Shelter Grants Program	14.231	98,540
Shelter Plus Care	14.238	1,798,816
HOME Investment Partnerships Program	14.239	<u>1,429,515</u>
Total U.S. Department of Housing and Urban Development		<u>6,155,328</u>
U.S. Department of Justice		
<u>Direct Programs</u>		
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	314,797
Public Safety Partnership and Community Policing Grants	16.710	<u>379,151</u>
Subtotal Direct Programs		<u>693,948</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CLARA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2003

Federal Grantor/Grant Name	Federal CFDA No.	Expenditures
<u>Passed Through the State Office of Criminal Justice Planning</u>		
Juvenile Accountability Incentive Block Grants	16.523	879,899
Crime Victim Assistance	16.575	292,949
Bryne Formula Grant Program	16.579	711,465
Subtotal Passed Through State Office of Criminal Justice Planning		<u>1,884,313</u>
<u>Passed Through Bureau of Justice Assistance</u>		
Local Law Enforcement Block Grants Program	16.592	656,235
State Criminal Alien Assistance Program	16.606	1,153,450
Subtotal Passed Through Bureau of Justice Assistance		<u>1,809,685</u>
Total U.S. Department of Justice		<u>4,387,946</u>
<u>U.S. Department of Transportation</u>		
<u>Direct Program</u>		
Airport Improvement Program	20.106	157,077
<u>Passed Through State Department of Transportation</u>		
Highway Planning and Construction	20.205	1,722,562
<u>Passed Through State Business, Transportation, and Housing Agency</u>		
State and Community Highway Safety	20.600	753,336
Total U.S. Department of Transportation		<u>2,632,975</u>
<u>National Foundation on the Arts and the Humanities</u>		
<u>Passed Through California State Library</u>		
State Library Program	45.310	59,010
Total National Foundation on the Arts and the Humanities		<u>59,010</u>
<u>Environmental Protection Agency</u>		
<u>Passed Through University of Nevada</u>		
Pollution Prevention Grants Program	66.708	32,778
Total Environmental Protection Agency		<u>32,778</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CLARA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2003

Federal Grantor/Grant Name	Federal CFDA No.	Expenditures
U.S. Department of Health and Human Services		
<u>Direct Program</u>		
Substance Abuse & Mental Health Services	93.243	123,507
<u>Passed Through State Department of Aging</u>		
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	1,272,557
<u>Passed Through California Family Health Council</u>		
Family Planning Services	93.217	85,078
<u>Passed Through State Department of Health Services</u>		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	332,258
Immunization Grants	93.268	1,112,134
Center for Disease Control & Prevention - Investigations and Technical Assistance	93.283	838,957
Refugee and Entrant Assistance - Discretionary Grants	93.576	411,739
Child Care Mandatory and Matching Funds of the Child Care and Development Funds	93.596	461,272
Medi-Cal Assistance Program	93.778	40,455,420
HIV Emergency Relief Project Grants	93.914	1,681,828
HIV Care Formula Grants	93.917	466,363
Grants to Provide Outpatient Early Prevention Services with Respect to HIV Disease	93.918	493,628
HIV Prevention Activities - Health Department Based	93.940	1,106,647
Public Health Traineeships	93.964	1,368,536
Prevention Health and Health Services - Block Grant	93.991	16,657
Maternal and Child Health Services Block Grant to the States	93.994	291,226
Subtotal Passed Through State Department of Health Services		49,036,665
<u>Passed Through Administration Office of the Courts</u>		
Child Support Enforcement	93.563	26,943,963

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CLARA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2003

Federal Grantor/Grant Name	Federal CFDA No.	Expenditures
<u>Passed Through State Department of Social Services</u>		
Promoting Safe and Stable Families	93.556	1,287,625
Temporary Assistance for Needy Families (TANF)	93.558	94,766,464
Refugee and Entrant Assistance - State Administered Programs	93.566	1,958,856
Adoption Incentive Payments	93.603	487,140
Child Welfare Services - State Grants	93.645	1,834,354
Foster Care - Title IV-E	93.658	39,705,042
Adoption Assistance	93.659	7,327,486
Social Services Block Grant	93.667	1,904,499
Chafee Foster Care Independent Living	93.674	<u>1,070,440</u>
Subtotal Passed Through State Department of Social Services		<u>150,341,906</u>
<u>Passed Through State Department of Alcohol and Drug</u>		
Block Grants for Community Mental Health Services	93.958	749,123
Substance Abuse Prevention and Treatment Block Grant	93.959	<u>11,863,875</u>
Subtotal Passed Through State Department of Alcohol and Drug		<u>12,612,998</u>
Total U.S. Department of Health and Human Services		<u>240,416,674</u>
U.S. Department of Homeland Security		
<u>Passed Through the State Office of Emergency Services</u>		
State Domestic Preparedness Equipment Support Program	97.004	452,273
Public Assistance Grants	97.036	770,249
Emergency Management Performance Grants	97.042	174,372
Citizen Corps	97.053	<u>34,177</u>
Subtotal Passed Through State Office of Emergency Services		<u>1,431,071</u>
Total U.S. Department of Homeland Security		<u>1,431,071</u>
Total Expenditures of Federal Awards		<u>\$ 312,564,042</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CLARA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2003

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the expenditures of all federal award programs of the County of Santa Clara, California (the County) for the fiscal year ended June 30, 2003, except for the Housing Authority of the County of Santa Clara (Housing Authority) (see Note 4.) The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

Note 2 - Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 2 to the County's basic financial statements.

Note 3 - Relationship to the Financial Statements

Expenditures of Federal Awards are reported in the County's basic financial statements as expenditures in the General Fund and nonmajor special revenue funds and as expenses in the Airport enterprise fund.

Note 4 - Housing Authority (Discrete Component Unit) Federal Expenditures

The Housing Authority federal expenditures are excluded from the SEFA because the Housing Authority's federal expenditures are separately audited. Expenditures for the programs of the Housing Authority listed below are taken from the separately issued single audit report. The programs of the Housing Authority are as follows:

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Agriculture		
Nutrition Services Incentive	10.570	\$ 30,927
U.S. Department of Housing and Urban Development		
Supportive Housing for Persons with Disabilities	14.181	226,000
Community Development Block Grant	14.218	37,750
Shelter Plus Care	14.238	1,617,389
Public Indian Housing	14.850	871,655
Lower Income Housing Assistance Program	14.856	
Section 8 Moderate Rehabilitation		1,858,790
Section 8 New Construction		906,615
Section 8 New Construction - Huff Gardens		302,952
Section 8 Housing Choice Vouchers	14.871	237,271,708
Public Housing Capital Fund	14.872	445,847
U.S. Department of Labor		
Welfare-to-Work Grants to States and Localities	17.253	462,458
Rental assistance program	17.253	1,481,211
Total Federal Expenditures		<u>\$ 245,513,302</u>

NOTE 5 - Food Stamps

Food stamps expenditures of \$42,991,284 represent the face value of food stamps distributed to program participants. They do not represent cash expenditures in the County's basic financial statements for the fiscal year ended June 30, 2003.

COUNTY OF SANTA CLARA

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2003

NOTE 6 – Amount Provided to Subrecipients

Of the federal expenditures presented in the SEFA, the County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	\$1,795,432
Emergency Shelter Grants Program	14.231	93,991
HOME Investment Partnerships Program	14.239	1,364,158
Juvenile Accountability Incentive Block Grants	16.523	568,306
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	294,060
State and Community Highway Safety	20.600	464,720
Projects for Assistance in Transition from Homelessness	93.150	332,258
Substance Abuse & Mental Health Services	93.243	32,012
Immunization Grants	93.268	224,439
Medi-Cal Assistance Program	93.778	50,000
HIV Emergency Relief Project Grants	93.914	1,623,186
HIV Prevention Activities – Health Department Based	93.940	107,294
Block Grants for Community Mental Health Services	93.958	95,000
Substance Abuse Prevention and Treatment Block Grant	93.959	5,277,563
Emergency Management Performance Grants	97.042	144,220
Total		<u>\$ 12,466,639</u>

Note 7 – Loans Outstanding

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs maintain servicing and trust arrangements with the County to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest. The federal government has imposed certain continuing compliance requirements with respect to the loans rendered under the programs. In accordance with Subpart B, Section 205 of the Office of Management and Budget Circular A-133, the County has reported the outstanding balance of loans from previous years that have continuing compliance requirements as of June 30, 2003 along with the value of total outstanding and new loans made during the current year.

The following is a summary of the loan programs maintained by the County and their balances at June 30, 2003:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>	<u>Prior year loans with continuing compliance requirements</u>	<u>New Loans</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 5,583,657	\$ 4,240,979	\$ 1,342,678
HOME Investment Partnerships Programs	14.239	6,037,943	6,037,943	-
		<u>\$11,621,600</u>	<u>\$ 10,278,922</u>	<u>\$ 1,342,678</u>

COUNTY OF SANTA CLARA
Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2003

**Note 8 - Schedules of the Office of Criminal Justice Planning (OCJP), California Victims Compensation & Government
Claims Board, and California Department of Justice grant expenditures**

OCJP grant expenditures:

The following represents grant expenditures for Department of Justice grants passed through the State of California Office of Criminal Justice Planning for the fiscal year ended June 30, 2003.

<u>Program Title and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual Non-match</u>	<u>Actual Match</u>	<u>Actual Total</u>	<u>Variance</u>
Juvenile Accountability Improvement Program	IP02010430					
Personal Services		\$ 482,402	\$ 477,201	\$ -	\$ 477,201	\$ 5,201
Operating Expenses		402,699	402,698	-	402,698	1
Equipment		-	-	-	-	-
Total		<u>\$ 885,101</u>	<u>\$ 879,899</u>	<u>\$ -</u>	<u>\$ 879,899</u>	<u>\$ 5,202</u>
Anti-Drug Abuse Enforcement Program	DC02130430					
Personal Services		\$ 438,401	\$ 438,401	\$ -	\$ 438,401	\$ -
Operating Expenses		257,603	257,602	-	257,602	1
Equipment		15,461	15,462	-	15,462	(1)
Total		<u>\$ 711,465</u>	<u>\$ 711,465</u>	<u>\$ -</u>	<u>\$ 711,465</u>	<u>\$ -</u>
Victim Witness Assistance - OCJP	VW00190430					
Personal Services		\$ 1,539,778	\$ 608,702	\$ -	\$ 608,702	\$ 931,076
Operating Expenses		402,398	156,936	-	156,936	245,462
Equipment		-	-	-	-	-
Total		<u>\$ 1,942,176</u>	<u>\$ 765,638</u>	<u>\$ -</u>	<u>\$ 765,638</u>	<u>\$ 1,176,538</u>

(Note: The non-match expenditures of \$879,899 and \$711,465 for grant IP02010430 and DC02130430, respectively, and \$292,949 of the non-match expenditures reported in grant VW00190430 are reported as federal expenditures in the SEFA under the CFDA numbers 16.523, 16.579 and 16.575, respectively.

The following represents the State of California Office of Criminal Justice Planning summary grant expenditures for the fiscal year ended June 30, 2003. This information is included in the County's single audit report at the request of the State of California's Office of Criminal Justice Planning.

<u>Program Title and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual Non-match</u>	<u>Actual Match</u>	<u>Actual Total</u>	<u>Variance</u>
Child Abuser Vertical Prosecution Program	SP01040430					
Personal Services		\$ 224,155	\$ 57,209	\$ -	\$ 57,209	\$ 166,946
Operating Expenses		845	-	-	-	845
Equipment		-	-	-	-	-
Total		<u>\$ 225,000</u>	<u>\$ 57,209</u>	<u>\$ -</u>	<u>\$ 57,209</u>	<u>\$ 167,791</u>
High Technology Identity Theft Program	HD01010430					
Personal Services		\$ 307,614	\$ 182,500	\$ 92,290	\$ 274,790	\$ 32,824
Operating Expenses		393,687	366,297	65,707	432,004	(38,317)
Equipment		11,199	-	-	-	11,199
Total		<u>\$ 712,500</u>	<u>\$ 548,797</u>	<u>\$ 157,997</u>	<u>\$ 706,794</u>	<u>\$ 5,706</u>
High Technology Theft Apprehension & Prosecution	HT01020430					
Personal Services		\$ 148,898	\$ 142,392	\$ 80,188	\$ 222,580	\$ (73,682)
Operating Expenses		2,235,402	1,339,305	347,188	1,686,493	548,909
Equipment		82,700	99,061	-	99,061	(16,361)
Total		<u>\$ 2,467,000</u>	<u>\$ 1,580,758</u>	<u>\$ 427,376</u>	<u>\$ 2,008,134</u>	<u>\$ 458,866</u>

COUNTY OF SANTA CLARA
Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2003

Note 8 - Schedules of the Office of Criminal Justice Planning (OCJP), California Victims Compensation & Government Claims Board, and California Department of Justice grant expenditures (Continued)

<u>Program Title and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual Non-match</u>	<u>Actual Match</u>	<u>Actual Total</u>	<u>Variance</u>
Major Narcotics Vendor Prosecution Program	NV02040430					
Personal Services		\$ 156,461	\$ 156,461	\$ -	\$ 156,461	\$ -
Operating Expenses		3,342	3,342	-	3,342	-
Equipment		-	-	-	-	-
Total		<u>\$ 159,803</u>	<u>\$ 159,803</u>	<u>\$ -</u>	<u>\$ 159,803</u>	<u>\$ -</u>
Statutory Rape Vertical Prosecution Program	SR01050430					
Personal Services		\$ 260,471	\$ 48,554	\$ -	\$ 48,554	\$ 211,917
Operating Expenses		7,605	2,153	-	2,153	5,452
Equipment		6,924	-	-	-	6,924
Total		<u>\$ 275,000</u>	<u>\$ 50,707</u>	<u>\$ -</u>	<u>\$ 50,707</u>	<u>\$ 224,293</u>
Statutory Rape Vertical Prosecution Program	SR02060430					
Personal Services		\$ 205,274	\$ 205,274	\$ -	\$ 205,274	\$ -
Operating Expenses		3,526	3,526	-	3,526	-
Equipment		-	-	-	-	-
Total		<u>\$ 208,800</u>	<u>\$ 208,800</u>	<u>\$ -</u>	<u>\$ 208,800</u>	<u>\$ -</u>

California Victims Compensation & Government Claims Board grant expenditures:

The following represents the California Victims Compensation & Government Claims Board grant expenditures for the fiscal year ended June 30, 2003. This information is included in the County's single audit report at the request of the California Victims Compensation & Government Claims Board.

<u>Program Title and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual Non-match</u>	<u>Actual Match</u>	<u>Actual Total</u>	<u>Variance</u>
Victim Witness Assistance - BOC	BOC-2059					
Personal Services		\$ 1,124,013	\$ 948,451	\$ -	\$ 948,451	\$ 175,562
Operating Expenses		224,643	177,587	-	177,587	47,056
Equipment		7,000	-	-	-	7,000
Total		<u>\$ 1,355,656</u>	<u>\$ 1,126,039</u>	<u>\$ -</u>	<u>\$ 1,126,039</u>	<u>\$ 229,617</u>
Victim Witness Restitution for Crime Victims	BOC-2077					
Personal Services		\$ 123,564	\$ 123,564	\$ -	\$ 123,564	\$ -
Operating Expenses		1,500	1,124	-	1,124	376
Equipment		-	-	-	-	-
Total		<u>\$ 125,064</u>	<u>\$ 124,688</u>	<u>\$ -</u>	<u>\$ 124,688</u>	<u>\$ 376</u>

California Department of Justice grant expenditures:

The following represents the California Department of Justice grant expenditures for the fiscal year ended June 30, 2003. This information is included in the County's single audit report at the request of the California Department of Justice.

<u>Program Title and Expenditure Category</u>	<u>Grant Award Number</u>	<u>Budget</u>	<u>Actual Non-match</u>	<u>Actual Match</u>	<u>Actual Total</u>	<u>Variance</u>
Spousal Abuser Prosecution Program	02SA09B030					
Personal Services		\$ 75,330	\$ 38,713	\$ 36,617	\$ 75,330	\$ -
Operating Expenses		56,320	56,320	-	56,320	-
Equipment		-	-	-	-	-
Total		<u>\$ 131,650</u>	<u>\$ 95,033</u>	<u>\$ 36,617</u>	<u>\$ 131,650</u>	<u>\$ -</u>

COUNTY OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2003

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weaknesses identified? • Reportable conditions identified that are not considered to be material weaknesses? 	<p>No</p> <p>None reported</p>
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
<ul style="list-style-type: none"> • Material weaknesses identified? • Reportable conditions identified that are not considered to be material weaknesses? 	<p>No</p> <p>Yes</p>
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes
Identification of major programs:	
CFDA #20.205	Highway Planning and Construction
CFDA #93.558	Temporary Assistance for Needy Families
CFDA #93.563	Child Support Enforcement
CFDA #93.659	Adoption Assistance
CFDA #93.778	Medi-Cal Assistance Program
CFDA #93.914	HIV Emergency Relief Project Grants
Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

COUNTY OF SANTA CLARA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2003

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

Finding No. 2003-01 20.205 Highway Planning & Construction – Davis Bacon

Finding:

In accordance with the OMB A-133, non-federal entities are required to include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the Department of Labor regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5(a)(3)(ii)(A) and 5.6). The County also has a requirement of contractors submitting a certified payroll within 7 days of the payroll week ending date. During the performance of our testwork over the federal compliance requirements of the Davis-Bacon Act, we noted that even though the required clauses were included in the construction contracts, out of 40 sample items we tested, 29 certified payroll reports were not submitted on a weekly basis.

Questioned Costs:

Not determinable.

Recommendation:

We recommend that management should verify that their contractors comply with County policy and with the federal requirements of submitting certified payroll reports weekly. Management should take appropriate action against noncompliant contractors.

Management Response:

We concur with the above recommendation and will continue to emphasize the importance of this compliance at pre-construction meetings with the contractors and all weekly project meetings.

COUNTY OF SANTA CLARA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2003

Finding No. 2003-02 **93.558 Temporary Assistance for Needy Families –
Special Tests and Provision of “Penalty for Refusal to
Work” and “Child Support Non-Cooperation”**

Finding:

In accordance with the special tests and provisions federal compliance requirements of penalty for refusal to work, the County is required to reduce or terminate assistance payable to participant families for refusal to work subject to any good cause or exemption, or reduce assistance by at least 25% or completely for child support non-cooperation. The County requires that a notice of action form be sent to all participants that refuse to work or do not cooperate with child support inquiries at least 10 days before the effective date of termination. During the performance of our testwork over these federal compliance requirements, we noted that for 3 cases out of a sample of 40 cases tested for penalty for refusal to work and for 2 cases out of 4 tested for child support non-cooperation, no notice of action forms were sent out to the affected participants.

Questioned Costs:

N/A

Recommendation:

We recommend that management adhere to its internal control procedures developed as a means of ensuring compliance with the federal requirements of refusal to work and child support non-cooperation.

Management Response:

We concur with the above recommendation and will emphasize to all Department of Employment and Benefits Services staff the requirement of this 10-day notice of action prior to all grant decreases. We will also emphasize the importance of maintaining adequate records that document this action taken in all case files.

COUNTY OF SANTA CLARA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2003

Finding No. 2003-03 **93.914 HIV Emergency Relief Project Grants**
93.563 Child Support Enforcement –
Procurement, Suspension & Debarment

Finding:

In accordance with the OMB A-133 federal compliance requirements of procurement, suspension and debarment, non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all non-procurement transactions (e.g., subawards to subrecipients). During the performance of our testwork over procurement, suspension and debarment, we reviewed one contract between the County and a contractor and noted that there was no requirement that the contractor certify that they were not suspended or debarred for the HIV Emergency Relief Project Grants. In addition, we noted that out of the eight contracts that we reviewed for the Child Support Enforcement program, none contained requirements to certify that they were not suspended or debarred. For both programs, we noted that there are no procedures to determine if a contractor is listed in the GSA's "List of Parties Excluded From Federal Procurement or Non Procurement Programs".

Questioned Costs:

Undeterminable.

Recommendation:

We recommend that the County include language in all contracts with federal funding requiring contractors certify that they are not suspended or debarred in compliance with the OMB A-133 federal compliance requirements for procurement, suspension and debarment. We also recommend that the County review the GSA's "List of Parties Excluded From Federal Procurement or Non Procurement Programs" to be updated on the suspended or debarred status of its contractors on a regular basis.

Management Response:

HIV Emergency Relief Project Grants:

We concur with the above recommendation and have included the wording in all contracts for FY 2003/04 with federal funding regarding requirements that the contractor to certify that it is not suspended or debarred.

Child Support Enforcement:

Department of Child Support Services agrees with the finding and will include language in all contracts with federal funding requiring contractors to certify they are not suspended or debarred in compliance with the OMB A-133 federal compliance requirements.

COUNTY OF SANTA CLARA
Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2003

Reference Number:	2002-01
Federal Catalog Number:	93.558 -- Temporary Assistance for Needy Families (TANF)
Audit Finding:	Eligibility: Several case files lacked appropriate supporting documentation for payment of benefits.
Status of Corrective Action:	Corrected.
Reference Number:	2002-02
Federal Catalog Number:	16.606 -- State Criminal Alien Assistance Program (SCAAP)
Audit Finding:	Eligibility: Two out of forty inmates were not accused of or convicted of either one felony or two misdemeanors.
Status of Corrective Action:	Corrected.