

CITY OF SACRAMENTO, CALIFORNIA

Single Audit Reports

For the Fiscal Year Ended June 30, 2009

**CITY OF SACRAMENTO, CALIFORNIA
SINGLE AUDIT REPORTS**

For the Fiscal Year Ended June 30, 2009

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CITY OF SACRAMENTO, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Agriculture			
Passed Through State of California Department of Education:			
Child and Adult Care Food Program:			
2008 Snack Program	10.558	34-2883-1K	\$ 94,392
2009 Snack Program	10.558	34-2883-1K	513,168
Subtotal Child and Adult Care Food Program			<u>607,560</u>
Summer Food Service Program for Children:			
2008 Year Round Food Program	10.559	34-83400V	414,785
2009 Year Round Food Program	10.559	34-83400V	271,598
Subtotal Summer Food Service Program for Children			<u>686,383</u>
Total United States Department of Agriculture			<u>1,293,943</u>
United States Department of Commerce			
Direct Programs:			
Public Safety Interoperable Communications Grant Program	11.555	N/A	<u>688,695</u>
United States Department of the Interior			
Direct Programs:			
Central Valley Project Improvement (CVPI)			
Anadromous Fish Restoration Program (AFRP):			
Lower American River Salmon Spawning Gravel Work	15.648	N/A	373,650
Passed through State of California Office of Historic Preservation:			
Historic Preservation Fund Grants-in-Aid:			
Raised Streets/Hollow Sidewalks Historic Survey	15.904	06-08-21709	<u>14,850</u>
Total United States Department of the Interior			<u>388,500</u>
United States Department of Justice			
Direct Programs:			
Federal Forfeitures	16.Unknown	N/A	8
Federal Forfeitures	16.Unknown	N/A	53,346
Subtotal Federal Forfeitures			<u>53,354</u>
Part E - Developing, Testing and Demonstrating Promising New Programs:			
Attendance Centers - Working Towards a Brighter Future	16.541	N/A	<u>186,552</u>
National Institute of Justice Research,			
Evaluation, Development Project Grants:			
Solving Cold Case with DNA	16.560	N/A	<u>279,267</u>
Public Safety Partnership and Community Policing Grants:			
Universal Hiring II	16.710	N/A	444,301
COPS Interoperable Communications Technology	16.710	N/A	137,562
COPS in Schools	16.710	N/A	69,649
2003 Regional Community Policing Institute Integrity/Public Trust Initiative	16.710	N/A	2,384
COPS 2007 Technology Program	16.710	N/A	705,334
Subtotal Public Safety Partnership and Community Policing Grants			<u>1,359,230</u>
Gang Resistance Education and Training - 2007	16.737	N/A	936
Gang Resistance Education and Training - 2008	16.737	N/A	64,900
Subtotal Gang Resistance Education and Training			<u>65,836</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	71,633
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	37,003
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			<u>108,636</u>
Passed Through State of California Office of Emergency Services:			
Anti-Gang Initiative:			
Attendance Centers	16.744	067-64000-04	<u>75,000</u>
Total United States Department of Justice			<u>2,127,875</u>

The accompanying notes are an integral part of this schedule

CITY OF SACRAMENTO, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Labor			
Passed Through Sacramento Employment and Training Agency:			
Workforce Investment Act - Youth Employment	ARRA - 17.259	046107SYE	<u>2,612</u>
United States Department of Transportation			
Passed Through State of California Department of Transportation (Caltrans)			
Highway Planning and Construction	20.205	STPLER-5002(066)	176,835
Highway Planning and Construction	20.205	STLP-5002(5)	5,859
Highway Planning and Construction	20.205	CML-5002(055)	251,494
Highway Planning and Construction	20.205	BRLS-5002(054)	373,039
Highway Planning and Construction	20.205	STPL-5002(103)	1,181,904
Highway Planning and Construction	20.205	HP21L-5002(068)	224,949
Highway Planning and Construction	20.205	STPL-5002(097)	61,120
Highway Planning and Construction	20.205	STPL-5002(097)	38,113
Highway Planning and Construction	20.205	STPL-5002-067	318
Highway Planning and Construction	20.205	HP21L-5002(090)	728,653
Highway Planning and Construction	20.205	CA-04-0013-01	38,793
Highway Planning and Construction	20.205	CML-5002(073)	28
Highway Planning and Construction	20.205	CML-5002(109)	780
Highway Planning and Construction	20.205	BRLS-5002(098)	4,660,515
Highway Planning and Construction	20.205	STPL-5002(107)	367
Highway Planning and Construction	20.205	DEM05L-5002(112)	25,372
Highway Planning and Construction	20.205	CML-5002(117)	608,502
Highway Planning and Construction	20.205	CML-5002-047	131,840
Highway Planning and Construction	20.205	BHLS-5002(111)	134,610
Highway Planning and Construction	20.205	BRLS-5002(115)	188,211
Highway Planning and Construction	20.205	BHLO-5002(116)	13,953
Highway Planning and Construction	20.205	STPLR-7500(067)	18,191
Highway Planning and Construction	20.205	SRTSL-5002(131)	17,673
Highway Planning and Construction	20.205	CML-5002(119)	142,153
Highway Planning and Construction	20.205	HPLUL-5002(128)	844,345
Highway Planning and Construction	20.205	STPL-5002(044)	4,320
Highway Planning and Construction	20.205	HPO2L-5002(089)	162,893
Highway Planning and Construction	20.205	STPL-5002(118)	113,625
Highway Planning and Construction	20.205	STPL-5002(129)	2,828,383
Highway Planning and Construction	20.205	BPNP-5002(114)	13,352
Highway Planning and Construction	20.205	BRLS-5002(122)	43,739
Highway Planning and Construction	20.205	BRLS-5002(123)	32,542
Highway Planning and Construction	20.205	RPMSTPLE-5002(088)	62,018
Highway Planning and Construction	20.205	RPSTPLE-5002(105)	83,285
Highway Planning and Construction:			
Economic Stimulus Overlay, Phase I	ARRA - 20.205	ESPL-5002(138)	183,055
Economic Stimulus Overlay, Phase II	ARRA - 20.205	ESPL-5002(140)	149,749
Subtotal Highway Planning and Construction			<u>13,544,578</u>
Passed Through California State Parks:			
Recreational Trails Program	20.219	RT-34-015	<u>3,766</u>
Total United States Department of Transportation			<u>13,548,344</u>
United States Department of Treasury			
Direct Programs:			
Sacramento Suspicious Activity Report - Review Team Task Force	21.Unkown	N/A	<u>3,783</u>
United States Environmental Protection Agency			
Direct Programs:			
Brownfields Assessment and Cleanup Cooperative Agreements:			
Revolving Loan Fund	66.818	N/A	<u>3,022</u>

The accompanying notes are an integral part of this schedule

CITY OF SACRAMENTO, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Energy			
Direct Programs:			
Energy Efficiency and Renewable Energy Information			
Dissemination, Outreach, Training and Technical Analysis/Assistance:			
Solar Cities America	81.117	N/A	<u>5,948</u>
Corporation for National and Community Service			
Passed through the Governor's Office of Planning and Research			
Americorp - 2007/2008	94.006	06AFHY14-F111	21,118
Americorp - 2008/2009	94.006	06AFHY15-F111	<u>389,115</u>
Total United States Department of Health and Human Services			<u>410,233</u>
United States Department of Homeland Security			
Direct Programs:			
National Urban Search and Rescue (US&R) Response System:			
Urban Search and Rescue 2005	97.025	N/A	87,976
Urban Search and Rescue 2006	97.025	N/A	39,348
Urban Search and Rescue 2007	97.025	N/A	245,616
Urban Search and Rescue 2008	97.025	N/A	636,586
Urban Search and Rescue 2009	97.025	N/A	46,260
Urban Search and Rescue - Space Object Re-entry	97.025	N/A	6,791
Urban Search and Rescue 2008 Deployment	97.025	N/A	35,359
Urban Search and Rescue Hurricane Gustav Deployment	97.025	N/A	10,597
Urban Search and Rescue Hurricane Ike Deployment	97.025	N/A	93,950
Urban Search and Rescue ND Flood Deployment	97.025	N/A	27,214
Subtotal National Urban Search & Rescue (US&R) Response System			<u>1,229,697</u>
Passed through State of California Office of Emergency Services:			
Urban Areas Security Initiative:			
Homeland Security	97.008	067-64000	5,304
Homeland Security Urban Areas Security Initiative	97.008	067-64000	35,727
Homeland Security 2007	97.008	067-64000	1,305,977
Metropolitan Medical Response System	97.008	282-99-0034	4,317
Metropolitan Medical Response System - Maintenance	97.008	282-99-0034	<u>59,180</u>
Subtotal Urban Areas Security Initiative			<u>1,410,505</u>
Emergency Management Performance Grant	97.042	067-00000	<u>17,627</u>
Passed through State Homeland Security:			
State Homeland Security Program (SHSP) - 2007 Grant (CERT)	97.073	067-0000	<u>24,811</u>
Total United States Department of Homeland Security			<u>2,682,640</u>
Total Expenditures of Federal Awards			<u>\$ 21,155,595</u>

CITY OF SACRAMENTO, CALIFORNIA

**Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the expenditures of all federal awards programs of the City of Sacramento, California (City) for the fiscal year ended June 30, 2009. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental 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 1 to the City's basic financial statements.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 4 – SCHEDULE OF AREA 4 AGENCY ON AGING EXPENDITURES

The following represents expenditures of the grant from the Area 4 Agency on Aging for the fiscal year ended June 30, 2009:

Program	Grant Amount	Agreement Number	Expenditures		Total
			Federal	State	
Alzheimer's Day Care Resource Center	\$ 93,000	AL-0809-03	\$ -	\$ 93,000	\$ 93,000

CITY OF SACRAMENTO, CALIFORNIA

**Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009**

NOTE 5 – SCHEDULE OF STATE OF CALIFORNIA OFFICE OF EMERGENCY SERVICE EXPENDITURES

The following represents expenditures of the grant from the State of California Office of Emergency Service for the fiscal year ended June 30, 2009:

	Agreement Number	Grant Amount	Expenditures			
			Federal	State	Match	Total
Gang Violence Suppression						
Personnel Service	GV08047901	\$ 73,848	\$ -	\$ 73,848	\$ 7,385	\$ 81,233
Operating Expense		289,617	-	279,934	27,786	307,720
Total		<u>\$ 363,465</u>	<u>\$ -</u>	<u>\$ 353,782</u>	<u>\$ 35,171</u>	<u>\$ 388,953</u>

NOTE 6 – SCHEDULE OF FIRST 5 SACRAMENTO COMMISSION EXPENDITURES

The following represents expenditures of the grant from the First 5 Sacramento Commission for the fiscal year ended June 30, 2009:

Program	Grant Amount	Agreement Number	Expenditures		
			Federal	State	Total
Cover the Kids	\$ 1,021,604	08/09-MH-044	\$ -	\$ 886,753	\$ 886,753

NOTE 7 – SCHEDULE OF SACRAMENTO EMPLOYMENT AND TRAINING AGENCY (SETA) EXPENDITURES

The following represents expenditures of the grant from the Sacramento Employment and Training Agency for the fiscal year ended June 30, 2009:

Type of Cost	CFDA Number	Agreement Number	Expenditures
Workforce Investment Act - Youth Program	ARRA - 17.259	046107SYE	
Personnel Service			\$ 893
Other Costs			1,719
Total			<u>\$ 2,612</u>

CITY OF SACRAMENTO, CALIFORNIA

**Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009**

**NOTE 8 – SCHEDULE OF THE TOTAL FEDERAL AWARD PROVIDED TO
SUB-RECIPIENTS FROM EACH FEDERAL PROGRAM**

Of the federal expenditures presented in the schedule, the City of Sacramento provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Subrecipient</u>	<u>Amount</u>
Public Safety Interoperable Communications Grant Program	11.555	Placer County	\$ 395,853
		Yolo Emergency Communications Agency	120,000
		County of Sacramento	145,397
			<u>661,250</u>
National Institute of Justice Research, Evaluation, Development Project Grants	16.560	County of Sacramento - District Attorney's office	<u>38,052</u>
Public Safety Partnership and Community Policing Grants	16.710	County of Sacramento - Office of Communications and Information Technology	<u>840,547</u>
Total federal awards provided to sub-recipients			<u>\$ 1,539,849</u>



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WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

To the Honorable Mayor and
Members of the City Council
City of Sacramento, California

**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***

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 City of Sacramento, California (City), as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

This report is intended solely for the information and use of the City Council, City management, and 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.

Maicon Meiri & O'Connell LLP

Certified Public Accountants

Sacramento, California
January 22, 2010



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

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WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

To the Honorable Mayor and
Members of the City Council
City of Sacramento, California

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

Compliance

We have audited the compliance of the City of Sacramento, California (the City), 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, 2009. The City'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 City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City 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, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the 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, 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 City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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 aggregate remaining fund information of the City, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated January 22, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 City Council, the City management, and 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.

Macior Mini & O'Connell LLP

Certified Public Accountants

Sacramento, California
March 5, 2010, except for the
schedule of expenditures of federal awards,
as to which the date is January 22, 2010

**CITY OF SACRAMENTO, CALIFORNIA
SINGLE AUDIT REPORTS**

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
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?	No

Identification of major programs:

<u>Program Title</u>	<u>CFDA/Grant Number</u>
Child and Adult Care Food Program	10.558
Summer Food Service Program for Children	10.559
Public Safety Interoperable Communications Grant Program	11.555
Public Safety Partnership and Community Policing Grants	16.710
Workforce Investment Act	17.259
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between Type A and Type B programs:	\$634,668
Auditee qualified as low-risk auditee?	No

**CITY OF SACRAMENTO, CALIFORNIA
SINGLE AUDIT REPORTS**

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009**

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

**CITY OF SACRAMENTO, CALIFORNIA
SINGLE AUDIT REPORTS**

**Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009**

Item: 2008-01
Federal Program: Summer Food Service Program for Children
CFDA #: 10.559
Department: United States Department of Agriculture
Passed through: State of California Department of Education

Criteria:

Per OMB Circular A-133 §.300(b), the auditee must maintain internal control over Federal programs that provides reasonable assurance that the auditee is monitoring compliance with the provisions of grant agreements.

Condition:

During our review of the City's compliance with site eligibility and monitoring requirements, it was noted that there is no system of internal controls to ensure compliance with eligibility and monitoring requirements for each program site. Although documentation of adequate internal controls was not observed, the City was in compliance with its site eligibility and monitoring requirements.

Questioned Costs:

There are no identifiable questioned costs associated with this condition as the City was in compliance with its site eligibility and monitoring requirements.

Effect:

The absence of internal controls to ensure compliance places the City at risk of the possibility that the City or a program site will be noncompliant and therefore, incur disallowed costs upon State review.

Cause:

The City has not designed internal controls to ensure that site eligibility and monitoring is being completed properly in accordance with program guidelines.

Recommendation:

We recommend that the agency utilize the *Checklist of Records* as provided in the *Administrative Guide for Sponsors of the Summer Food Service Program* to develop a system of internal controls over compliance and that the City perform a fiscal year-end and grant year-end compliance review that is then reviewed and approved by the Superintendent. Furthermore, all site monitoring reports should be accumulated and maintained at the administrative offices of the program.

**CITY OF SACRAMENTO, CALIFORNIA
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**Status of Prior Year Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009**

Management Response:

The City agrees with the recommendation and will formalize its use of the compliance checklist. The City believes program staff has complied with program guidelines over site eligibility and monitoring, however, a documented system of internal controls which includes the *Checklist of Records* will be improved to ensure program compliance.

Status:

Implemented. As of June 30, 2009, the City implemented the use of the *Checklist of Records* to ensure the performance of eligibility and monitoring procedures are being performed in a timely manner and are adequately documented.

Item: 2008-02
Federal Program: Summer Food Service Program for Children
CFDA #: 10.559
Department: United States Department of Agriculture
Passed through: State of California Department of Education

Criteria:

Per OMB Circular A-133 §.300(b), the auditee must maintain internal control over Federal programs that provides reasonable assurance that it is monitoring compliance with the provisions of allowable costs and activities. Per 7CFR §225.7(f), 225.9, and 225.15(a)-(c), sufficient records must be maintained to determine allowable administrative and operating costs. Also, per City policies and procedures, timesheets must be signed by the supervisor.

Condition:

During our review of allowable costs and activities related to payroll costs, it was noted that timesheets for 2 of the 15 pay periods tested were not approved by the Superintendent as required.

Questioned Costs:

There are no questioned costs identified as the payroll costs associated with the unapproved timesheets were determined to be allowable in accordance with program guidelines.

Effect:

The impact would be a potential for charging the program with unallowable costs.

**CITY OF SACRAMENTO, CALIFORNIA
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**Status of Prior Year Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009**

Cause:

The Superintendent took a leave of absence during the year and did not assign authorization to a qualified subordinate to approve timesheets during his absence.

Recommendation:

We recommend that the Superintendent extend program payroll cost authorization to a qualified subordinate with knowledge of program guidelines during any prolonged absence.

Management Response:

The City agrees with the recommendation and has implemented new payroll authorization procedures in conjunction with the eCAPS payroll system which addresses delegation of authority during leaves of absence.

Status:

Implemented. The City implemented the payroll module of eCAPS that requires the proper authorization of payroll transactions.

Item:	2008-03
Federal Program:	Summer Food Service Program for Children
CFDA #:	10.559
Department:	United States Department of Agriculture
Passed through:	State of California Department of Education

Criteria:

In accordance with the *Administrative Guide for Sponsors of the Summer Food Service Program* and Federal Government Code 7CFR §225.9(d), claims for reimbursement must reflect meals served during the claim period and revised claims must be submitted within 90-days after the end of the claim month.

Condition:

During our review of reimbursement claims, it was noted that the June 2008 claim was improperly prepared resulting in underreported meals served. Furthermore, the revised claim was not submitted within 90-days after the end of the claim month.

Questioned Costs:

There are no identifiable questioned costs associated with this noncompliance as the matter resulted in the reimbursement of administrative costs in an amount less than what the City was entitled.

**CITY OF SACRAMENTO, CALIFORNIA
SINGLE AUDIT REPORTS**

**Status of Prior Year Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009**

Effect:

Inaccurate claims for reimbursement of operating and administrative costs result in the reporting of improper amounts to the State Department of Education exposing the City to the denial of the claims. Per discussion with the State of California Department of Education, the additional meals on the revised claim will likely not be reimbursed.

Cause:

As a result of staff turnover within the program, the monthly claim was prepared by staff inadequately trained and the Superintendent did not adequately review the monthly claim for accuracy.

Recommendation:

We recommend that the preparer of the reports be trained specifically in report preparation and that the Superintendent review the report for accuracy and completeness prior to approval. We further recommend that the City immediately communicate to the State Department of Education that revision of a claim is necessary, when applicable, and submit the revision within 90-days after the end of the claim month as required.

Management Response:

We agree with the recommendation and have taken appropriate steps to prevent similar errors in the future. In this case, the City contacted the California Department of Education, obtained a one-time exception to file a late revised claim, and submitted a revised claim form.

Status:

Implemented. The City implemented procedures requiring the Superintendent's detailed review and approval of the program's monthly claims prior to submission. The City properly submitted a revised claim to the State Department of Education.

Item:	2008-04
Federal Program:	Summer Food Service Program for Children
CFDA #:	10.559
Department:	United States Department of Agriculture
Passed through:	State of California Department of Education

Criteria:

In accordance with the *Administrative Guide for Sponsors of the Summer Food Service Program* and 7CFR §225.8(a) the Approved Agreement must be maintained in the Sponsor's files for three years after the end of the grant fiscal year.

**CITY OF SACRAMENTO, CALIFORNIA
SINGLE AUDIT REPORTS**

**Status of Prior Year Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009**

Condition:

During our review of required records retention, it was noted that the City did not have the Approved Agreements for the 2007 and 2008 grant years on file.

Questioned Costs:

There are no identifiable questioned costs associated with this noncompliance.

Effect:

The City is in noncompliance and subject to Grantor penalty.

Cause:

The City was unaware that it was required to maintain these records for a 3 year period.

Recommendation:

We recommend that the City perform an annual compliance review for the program utilizing the *Checklist of Records* as provided in the *Administrative Guide for Sponsors of the Summer Food Service Program*. The checklist should be reviewed and approved by the program director and maintained on-site with the associated records.

Management Response:

The City agrees with the recommendation and will formalize its use of the compliance checklist. The City believes that the 2007 approved agreement was provided at the time of the audit, but due to administrative office relocation we could not produce the 2008 document at that time. The 2008 agreement has since been located and filed with all other required paperwork for this program.

Status:

Implemented. The City has improved its record keeping procedures and implemented the use of Checklist of Records to ensure the compliance with program requirements for record retention are adequately documented