

# COMPLIANCE SECTION

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KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Honorable Board of Commissioners of  
Washoe County, Nevada

We have audited the basic financial statements of Washoe County, Nevada (the "County") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 23, 2009. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the South Truckee Meadows General Improvement District as described in our report on Washoe 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 the other auditor.

Internal Control over Financial Reporting:

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 a 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 County'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 a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement on the financial statements will not be prevented or detected by the County's internal control.

Our consideration of 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 over financial reporting 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 County'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the organization, 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.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
October 23, 2009



KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Board of Commissioners  
Washoe County, Nevada

**Compliance:**

We have audited the compliance of Washoe County, Nevada with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Washoe County, Nevada'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 Washoe County, Nevada's management. Our responsibility is to express an opinion on Washoe County, Nevada's compliance based on our audit. As described in our report dated October 23, 2009, portions of the audit of the basic financial statements were performed by other auditors, whose reports were furnished to us.

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 Washoe County, Nevada'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 Washoe County, Nevada's compliance with those requirements.

In our opinion, Washoe County, Nevada complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 09-2.

**Internal Control over Compliance:**

The management of Washoe County, Nevada 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 Washoe County, Nevada'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 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 Washoe County, Nevada's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 09-1 and 09-3 to be significant deficiencies.

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. We do not consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Washoe County, Nevada's responses to the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. We did not audit Washoe County, Nevada's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of 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.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
October 23, 2009

**WASHOE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>CFDA Number</b>	<b>Project / Pass-through Grantor's Number</b>	<b>Expenditures 2009</b>
<b><u>U.S. Department of Agriculture:</u></b>			
Direct Programs:			
Rural Development, Forestry, and Communities (Rural Development Through Forestry)	10.672	07-DG-11051900-008	\$ 339,082
Child Nutrition Cluster:			
Passed through State Department of Education:			
School Breakfast Program	10.553	--	\$ 32,826
National School Lunch Program (School Lunch Program)	10.555	--	<u>59,452</u> 92,278
Emergency Food Assistance Cluster:			
Passed through State Department of Administration:			
Emergency Food Assistance Program (Administrative Costs)	10.568	--	<u>15,000</u>
Emergency Food Assistance Program (Food Commodities)	10.569	--	<u>10,227</u>
Amount Provided to Subrecipients			<u>2,306</u>
			<u>12,533</u> 27,533
C Schools and Roads Cluster:			
Passed through State Controller:			
Schools and Roads Grants to States	10.665	--	29,102
Passed through Nevada Division of Forestry:			
Cooperative Forestry Assistance	10.664	USDA/UF/CPG07/#05	10,372
Passed through Nevada Department of Health and Human Services:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	HD 8086-1	263,331
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	HD 09077	<u>867,584</u> 1,130,915
<b>Total U.S. Department of Agriculture</b>			<b><u>1,629,282</u></b>
<b><u>U.S. Department of Commerce:</u></b>			
Passed through State Department of Public Safety Division of Emergency Management:			
Public Safety Interoperable Communications Grant Program (PSIC)	11.555	1155507	<u>210,970</u>

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**WASHOE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>CFDA Number</b>	<b>Project / Pass-through Grantor's Number</b>	<b>Expenditures 2009</b>	
<b><u>Executive Office of the President, Office of National Drug Control Policy:</u></b>				
Passed through Las Vegas Metropolitan Police Department:				
High Intensity Drug Trafficking Area (HIDTA)	07	17PNVP501Z	\$ 28,407	
High Intensity Drug Trafficking Area (HIDTA)	07	GO9NV0001A	33,239	
High Intensity Drug Trafficking Area (HIDTA)	07	I8NVP501Z	19,895	
High Intensity Drug Trafficking Area (HIDTA)	07	L8PNVP501Z	42,319	<b>\$ 123,860</b>
<b><u>U.S. Department of Health and Human Services:</u></b>				
Direct Programs:				
Family Planning-Services	93.217	6FPHPA090003-40-03	649,078	
Amount Provided to Subrecipients			115,000	
Program Income			114,836	878,914
Immunization Cluster:				
Passed through Nevada Department of Health and Human Services:				
Immunization Grants	93.268	HD 08227-1	186,532	
Immunization Grants	93.268	HD 09141	159,147	
Program Income			352,096	697,775
TANF Cluster:				
Passed through State Division of Child and Family Services:				
Temporary Assistance for Needy Families (TANF)	93.558	--	430,000	
Passed through Nevada State Division of Welfare and Supportive Services:				
Temporary Assistance for Needy Families (TANF)	93.558	--	1,756,345	2,186,345
Aging Cluster:				
Passed through State Division for Aging Services:				
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-05-BX-09	114,285	
Program Income			87,839	
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-02-BX-09	23,484	
Program Income			450	
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-11-BX-09	147,942	
Program Income			2,789	
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-13-BX-09	82,556	
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-06-BX-09	73,693	
Program Income			1,335	
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-24-BX-09	27,000	
			<u>561,373</u>	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2009	
<b><u>U.S. Department of Health and Human Services (continued):</u></b>				
Aging Cluster (continued):				
Passed through State Division for Aging Services (continued):				
Special Programs for the Aging- Title III, Part C-Nutrition Services Program Income	93.045	16-000-04-2X-08	\$ 91,189 10,562	
Special Programs for the Aging- Title III, Part C-Nutrition Services Program Income	93.045	16-000-04-2X-09	234,310 30,272	
Special Programs for the Aging- Title III, Part C-Nutrition Services Program Income	93.045	16-000-07-1X-08	46,469 17,521	
Special Programs for the Aging- Title III, Part C-Nutrition Services Program Income	93.045	16-000-07-1X-09	159,069 61,391	
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-66-1X-08	599	
			<u>651,382</u>	
Nutrition Services Incentive Program	93.053	16-000-57-NX-08	37,250	
Nutrition Services Incentive Program	93.053	16-000-57-NX-09	39,767	
Nutrition Services Incentive Program	93.053	--	11,941	
			<u>88,958</u>	\$ 1,301,713
Research and Development Cluster:				
Passed through State Division for Aging Services:				
Centers For Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (CMS Research)	93.779	16-000-13-KX-08		4,622
Passed through National Association of County and City Health Officials:				
Medical Reserve Corps Small Grant Program	93.008	MRC 08 0443		1,499
Passed through Nevada Department of Health and Human Services:				
Public Health Emergency Preparedness	93.069	HD 08158-2	197,611	
Public Health Emergency Preparedness	93.069	HD 08159-2	138,892	
Public Health Emergency Preparedness	93.069	HD 09094	628,459	
Public Health Emergency Preparedness	93.069	HD 09094-1	29,425	994,387
Child Support Enforcement Program Income	93.563	--	3,014,650 15,572	3,030,222
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HD 08220	35,316	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs Program Income	93.116	HD 09147	32,067 27,606	94,989

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2009	
<b><u>U.S. Department of Health and Human Services (continued):</u></b>				
Passed through Nevada Department of Health and Human Services (continued):				
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 08067	\$ 126,004	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 09031-01	24,506	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 08203	13,305	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 09162	10,499	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 08204	13,305	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 09163	10,498	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 08205	9,145	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 09164-1	6,913	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 09161	<u>7,414</u>	\$ 221,589
Community-Based Child Abuse Prevention Grants	93.590	--		84,397
National Bioterrorism Hospital Preparedness Program	93.889	HD 08131-4	26,469	
National Bioterrorism Hospital Preparedness Program	93.889	HD 08131-3	4,938	
National Bioterrorism Hospital Preparedness Program	93.889	HD 08216	32,712	
National Bioterrorism Hospital Preparedness Program	93.889	HD 09043	40,560	
National Bioterrorism Hospital Preparedness Program	93.889	HD 09085	<u>160,441</u>	265,120
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	--		5,385
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	--	27,718	
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	HD 09151	14,474	
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	HD 1472-1	217,152	
Amount Provided to Subrecipients			100,538	
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	HD 1472-2	161,421	
Amount Provided to Subrecipients			<u>73,612</u>	594,915
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (HIV/AIDS Surveillance)	93.944	HD 08149	38,207	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (HIV/AIDS Surveillance)	93.944	HD 09119	<u>40,811</u>	79,018
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	HD 08152	54,431	
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	HD 09135	62,478	
Program Income			<u>49,933</u>	166,842

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The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**WASHOE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>CFDA Number</b>	<b>Project / Pass-through Grantor's Number</b>	<b>Expenditures 2009</b>
<b><u>U.S. Department of Health and Human Services (continued):</u></b>			
Passed through Nevada Department of Health and Human Services (continued):			
Social Services Block Grant	93.667	--	\$ 25,602
Passed through State Division of Child and Family Services:			
Promoting Safe and Stable Families	93.556	IVB3145/17SFY0709033	5,200
Adoption Incentive Payments	93.603	AI3229/31-SFY07-001	\$ 36,460
Adoption Incentive Payments	93.603	A13229/31-SFY09-008	<u>4,312</u> 40,772
Children's Justice Grants to States	93.643	CJA3145/11SFY0809021	28
Child Welfare Services-State Grants	93.645	--	90,000
Foster Care-Title IV-E	93.658	--	8,077,145
ARRA Foster Care-Title IV-E	93.658	--	<u>243,503</u> 8,320,648
Adoption Assistance	93.659	--	2,979,906
ARRA Adoption Assistance	93.659	--	<u>227,526</u> 3,207,432
Social Services Block Grant	93.667	--	246,653
Chafee Foster Care Independence Program	93.674	CH3229/32SFY08-10020	216,814
Grants to States for Access and Visitation Programs	93.597	0701NVSAPV	10,065
Grants to States for Access and Visitation Programs	93.597	0801NVSAPV	<u>20,155</u> 30,220
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	16-000-32-DX-09	13,470
Special Programs for the Aging-Title IV-and Title II- Discretionary Projects	93.048	16-000-93-KX-09	10,865
Special Programs for the Aging-Title IV-and Title II- Discretionary Projects	93.048	16-000-13-KX-08	<u>6,383</u> 17,248
National Family Caregiver Support	93.052	16-000-13-EX-09	33,165
National Family Caregiver Support	93.052	16-000-45-EX-09	<u>34,641</u> 67,806
Passed through Centers for Medicare & Medicaid Services:			
Medicare-Prescription Drug Coverage (Medicare Part D)	93.770	CMS-10156	<u>63,027</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>22,952,652</u></b>

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The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2009	
<b><u>U.S. Department of Homeland Security:</u></b>				
Homeland Security Cluster:				
Passed through the City of Las Vegas:				
Citizen Corps	97.053	CCP-06.01	\$ 5,447	
Passed through State Department of Public Safety Division of Emergency Management:				
Pre-Disaster Mitigation (PDM) Grants	97.067	97017L7	35,302	
Homeland Security Grant Program	97.067	97067CL7	31,507	
Homeland Security Grant Program	97.067	97067HE7	135,210	
Homeland Security Grant Program	97.067	97067HL6	310,970	
Homeland Security Grant Program	97.067	97067HL7	562,002	
Homeland Security Grant Program	97.067	97067HL8	320,164	
Homeland Security Grant Program	97.067	97067HLS	204,985	
Homeland Security Grant Program	97.067	97067LL6	1,008,209	
Homeland Security Grant Program	97.067	97067LL7	171,289	
			<u>2,779,638</u>	\$ 2,785,085
Passed through State Department of Public Safety Division of Emergency Management:				
Emergency Management Performance Grant (EMPG)	97.042	9704208	44,871	
Emergency Management Performance Grant (EMPG)	97.042	9704209	69,496	114,367
Disaster Assistance Projects	97.088	FEMA-1629-DR-NV		<u>7,837</u>
<b>Total U.S. Department of Homeland Security</b>				<b><u>2,907,289</u></b>
<b><u>U.S. Department of Housing and Urban Development:</u></b>				
Direct Programs:				
Housing Counseling Assistance Program	14.169	HC-0998-046		11,231
Community Development Block Grants/Brownsfields Economic Development Initiative (BEDI; Section 19)	14.246	B-04-SP-NV-0450		157,068
Shelter Plus Care	14.238	NV01C501001	-	
Amount Provided to Subrecipients			71,716	
Shelter Plus Care	14.238	NV01C601001	-	
Amount Provided to Subrecipients			<u>27,951</u>	99,667
CDBG-State-Administered Small Cities Program Cluster:				
Community Development Block Grants/State's Program	14.228	--	-	
Program Income			350	
Amount Provided to Subrecipients			<u>214,215</u>	<u>214,565</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<b><u>482,531</u></b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

(CONTINUED)

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2009
<b><u>U.S. Department of the Interior:</u></b>			
Direct Programs:			
Recreation Resource Management	15.225	LO9AC15351	\$ 3,002,072
Passed through Lahontan National Fish Hatchery Complex:			
Fish and Wildlife Coordination Act (FWCA)	15.517	842409J010	26,418
Hunter Education and Safety Program	15.626	--	4,903
<b>Total U.S. Department of the Interior</b>			<b>3,033,393</b>
<b><u>U.S. Department of Justice:</u></b>			
Direct Programs:			
Federal Drug Forfeiture Program	16	UNKNOWN	\$ 176,769
Federal Drug Forfeiture Program-Non cash	16	UNKNOWN	8,000
			<u>184,769</u>
Crime Victim Assistance Program Income	16.575	3145/20-SFY07-09-098	37,400
			<u>3,025</u>
			40,425
Edward Byrne Memorial State and Local Law Enforcement Assistance Descretionary Grants Program	16.580	2008-DD-BX-0414	38,356
State Criminal Alien Assistance Program (SCAAP)	16.606	2008-AP-BX-1055	466,551
Bulletproof Vest Partnership Program	16.607	--	25,862
Juvenile Mentoring Program Amount Provided to Subrecipients	16.726	2008-JU-FX-0023	-
			108,521
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2007-CD-BX-007	54,358
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2008-CD-BX-0089	18,367
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2008-DN-BX-K046	100,044
			<u>172,769</u>
Congressionally Recommended Awards	16.753	2008-DD-BX-0367	180,650
Passed through City of Reno Police Department:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-1070	12,558
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1445	56,108
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0344	25,884
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-JAG-32	14,620
			<u>109,170</u>
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	16.710	2007CKWX0318	5,748
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	16.710	08-METH-10	55,544
			<u>61,292</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**WASHOE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>CFDA Number</b>	<b>Project / Pass-through Grantor's Number</b>	<b>Expenditures 2009</b>
<b><u>U.S. Department of Justice (continued):</u></b>			
Passed through State Department of Public Safety, Office of Criminal Justice Assistance:			
Community Prosecution and Project Safe Neighborhoods	16.609	07-PSN/GC-2	\$ 51,348
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	08-PC-03	71,285
Juvenile Accountability Incentive Block Grants (JABG) Program Income	16.523	--	\$ 61,535 <u>9,968</u> 71,503
Juvenile Justice and Delinquency Prevention-Allocation to States (State Formula Grants)	16.540	FFY 2008	43,592
Juvenile Justice and Delinquency Prevention-Allocation to States (State Formula Grants) Amount Provided to Subrecipients	16.540	--	15,789 <u>15,000</u> 74,381
Crime Victim Assistance	16.575	3145/20-SF07-09-097	79,854
Title V-Delinquency Prevention Program	16.548	--	9,188
Passed through Join Together of Northern Nevada:			
Enforcing Underage Drinking Laws Program	16.727	--	7,298
Passed through Las Vegas Metropolitan Police Department:			
Missing Children's Assistance	16.543	--	<u>7,531</u>
<b>Total U.S. Department of Justice</b>			<b><u>1,760,753</u></b>
<b><u>U.S. Department of Labor:</u></b>			
WIA Cluster:			
Passed through The Children's Cabinet: ARRA-WIA Youth Activities	17.259	--	<u>3,584</u>
<b><u>U.S. Department of Transportation:</u></b>			
Highway Safety Cluster:			
Passed through State of Nevada Department of Public Safety, Office of Traffic Safety:			
State and Community Highway Safety	20.600	28-K8-18-2	94,759
State and Community Highway Safety	20.600	28-JF-1.22	15,367
State and Community Highway Safety Program Income	20.600	28-K8-18-16	64,958 12,780
State and Community Highway Safety	20.600	29-JF-1.19	57,273
State and Community Highway Safety	20.600	29-TR-2.4	<u>7,996</u> 253,133

(CONTINUED)

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2009	
<b><u>U.S. Department of Transportation (continued):</u></b>				
Highway Planning and Construction Cluster:				
Passed through State Department of Transportation:				
Recreation Trails Program	20.219	FY 2005-08.1	\$ 100,000	
Recreation Trails Program	20.219	2008-07	100,000	
Recreation Trails Program	20.219	2008-25	83,448	
Passed through State Department of Conservation and Natural Resources, Division of State Parks:				
Recreation Trails Program	20.219	FY 2006-17	69,700	
Recreation Trails Program	20.219	FY2007-12	985	
			354,133	
Passed through State Department of Transportation:				
Highway Planning and Construction	20.205	S-WA-9	256,556	
Highway Planning and Construction	20.205	PR164-08-805	74,256	
Highway Planning and Construction	20.205	P263-08-802	39,235	
			370,047	\$ 724,180
Passed through State Emergency Response Commission:				
Interagency Hazardous Material Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants (HMEP))	20.703	08-HMEP-16-02	3,646	
Interagency Hazardous Material Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants (HMEP))	20.703	09-HMEP-16-01	4,231	
Amount Provided to Subrecipients			12,942	20,819
<b>Total U.S. Department of Transportation</b>			<b>998,132</b>	
<b><u>Department of the Treasury:</u></b>				
Passed through Nevada Department of Business and Industry Housing Division				
National Foreclosure Mitigation Counseling Program (NFMC)	21	PL110-161		<b>140,286</b>
<b><u>General Services Administration:</u></b>				
Passed through United States Military (DRMO Surplus):				
Donation of Federal Surplus Personal Property	39.003	--	230,166	
Passed through Fallon Navy Air Base:				
Donation of Federal Surplus Personal Property	39.003	--	228,056	<b>458,222</b>

(CONTINUED)

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**WASHOE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2009	
<b><u>National Foundation on the Arts and the Humanities:</u></b>				
Passed through Nevada State Library and Archives:				
Grants to States	45.310	LSTA 2007-08	\$ 9,000	
Grants to States	45.310	2008-33	55,716	
Grants to States	45.310	2008-24	32,688	
Grants to States	45.310	45310-0820	1,942	<b><u>99,346</u></b>
<b><u>U.S. Environmental Protection Agency:</u></b>				
Direct Programs:				
Air Pollution Control Program Support	66.001	A-00905408-1	91,198	
Air Pollution Control Program Support	66.001	A-00905409-0	<u>381,053</u>	472,251
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act In-kind Costs	66.034	PM-98963101-0	9,589 32,621	
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act In-kind Costs	66.034	PM-98963101-2	90,335 <u>12,431</u>	144,976
Congressionally Mandated Projects (Congressional Earmarks)	66.202	XP-97963701-2	41,027	
Congressionally Mandated Projects (Congressional Earmarks)	66.202	XP-96909501-2	27,987	
Congressionally Mandated Projects (Congressional Earmarks)	66.202	XP-97963701-1	<u>34,233</u>	103,247
Passed through State Department of Conservation and Natural Resources, Division of Environmental Protection:				
State Public Water System Supervision	66.432	DEP 07-033		70,000
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements-Section 14(b)(3) of the Clean Water Act	66.436	DEP 07-035		2,409
State and Tribal Underground Storage Tanks Program (UST Program)	66.804	DEP 06-006-01		11,201
Leaking Underground Storage Tank Trust Fund Program	66.805	--		<u>63,823</u>
<b>Total U.S. Environmental Protection Agency</b>				<b><u>867,907</u></b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ <u><u>35,668,207</u></u></b>

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The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**WASHOE COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2009**

**NOTE 1 – REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Washoe County but does not include federal financial assistance programs of the County's blended component units. The Washoe County reporting entity is defined in Note 1 to its basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

**NOTE 3 – NONCASH EXPENDITURES**

The expenditures reported include noncash items as follows:

**Federal Drug Forfeiture Program (No CFDA)**

Expenditures of \$8,000 for this program represent the dollar value of a vehicle received from the United States Marshal's Service. The value of the vehicle was determined using estimated fair market value.

**National School Lunch Program (School Lunch Program (10.555))**

Expenditures of \$5,483 for this program represent the dollar value of food commodities served at the County's juvenile detention facilities. The value of commodities is determined by the U.S. Department of Agriculture.

**Emergency Food Assistance Program (Food Commodities (10.569))**

Expenditures of \$12,533 for this program represent the dollar value of food commodities distributed to eligible recipients during the year. The value of commodities is determined by the U.S. Department of Agriculture.

**Donation of Federal Surplus Personal Property (39.003)**

Expenditures of \$458,222 for this program represent the dollar value of items received from the Defense Reutilization and Marketing Office (DRMO). The value of the items received was determined by the DRMO.

**Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act (66.034)**

The expenditures include \$45,052 representing the value of sample analyses obtained at no charge to Washoe County.

**NOTE 4 – PROGRAM INCOME**

Expenditures reported include income received by the grantee, directly generated by grant-supported activity, totaling \$798,325 and includes the following programs:

<b>PROGRAM</b>	<b>CFDA NUMBER</b>	<b>AMOUNT</b>
Community Development Block Grants/State's Program	14.228	\$ 350
Juvenile Accountability Incentive Block Grants	16.523	9,968
Crime Victim Assistance	16.575	3,025
State and Community Highway Safety	20.600	12,780
Special Programs for the Aging Title III, Part B	93.044	92,413
Special Programs for the Aging Title III, Part C	93.045	119,746
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	27,606
Family Planning Services	93.217	114,836
Immunization Grants	93.268	352,096
Child Support Enforcement	93.563	15,572
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	49,933
Total Program Income		<u>\$ 798,325</u>



**WASHOE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**Section I - Summary of Auditor's Results:**

- Kafoury, Armstrong & Co. issued an unqualified opinion on the financial statements of Washoe County, Nevada for the year ended June 30, 2009.
- No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
- The audit disclosed no instances of noncompliance, which were material to the financial statements of Washoe County, Nevada.
- Significant deficiencies, not identified as material weaknesses, in the internal control over major federal award programs were disclosed.
- Kafoury, Armstrong & Co. issued an unqualified opinion on compliance for major federal award programs of Washoe County, Nevada.
- Audit findings, relative to major federal award programs for Washoe County, Nevada, which are required to be reported under section .510(a) of OMB Circular A-133 are included on the following pages.
- Washoe County had eight major programs for the year ended June 30, 2009, as follows:
  - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) —CFDA 10.557
  - Public Safety Interoperable Communications Grant Program — CFDA 11.555
  - Recreation Resource Management — CFDA 15.225
  - Immunization Grants — CFDA 93.268
  - Public Health Emergency Preparedness — CFDA 93.069
  - Temporary Assistance for Needy Families (TANF) — CFDA 93.558
  - Foster Care — Title IV-E — CFDA 93.658
  - Adoption Assistance — CFDA 93.659
- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2009 was \$1,070,046.
- Washoe County qualified as a low risk auditee for the year ended June 30, 2009 under the criteria set forth in section .530 of OMB Circular A-133.

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Section II – Findings and Questioned Costs for Federal Awards:**

U.S. Department of Health and Human Services:

Finding 09-1:

Foster Care, CFDA 93.658  
ARRA Foster Care, CFDA 93.658  
Adoption Assistance, CFDA 93.659  
ARRA Adoption Assistance, CFDA 93.659  
Temporary Assistance for Needy Families (TANF), CFDA 93.558

*Grant Award Number:* Affects the grant awards included under CFDA's 93.658, 93.659, and 93.558, passed through the Nevada Division of Child and Family Services, on the Schedule of Expenditures of Federal Awards.

*Criteria and Condition:* As noted in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, amounts charged to federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

During our testing of the Report/Requests for administrative costs for the quarter ended December 31, 2008, a calculation error was identified in the supporting spreadsheets. The error resulted in nominal overstatements of TANF, Foster Care and Adoption Assistance administrative expenditures.

During our testing of the supporting spreadsheets for that same report, we identified a formula error which resulted in a \$10,000 understatement of TANF expenditures.

*Questioned Costs:* None.

*Context:* The conditions noted above appear to be systemic problems.

*Effect:* Unallowable costs may have been charged to the Federal programs.

*Cause:* Review procedures for the Report/Request for Funds supporting schedules were not sufficient to identify preparation errors.

*Recommendation:* We recommend that the County enhance the review process related to the Report/Request for Funds to ensure only allowable costs are charged to the Federal program.

*Management's Response:* See management's response on page C - 19



# WASHOE COUNTY

"Dedicated to Excellence in Public Service"

## DEPARTMENT OF SOCIAL SERVICES

350 S. CENTER STREET  
POST OFFICE BOX 11130  
RENO, NEVADA 89520-0027  
PHONE: (775) 785-5641  
FAX: (775) 785-5640

October 7, 2009

TO: Diane Cormeaux, Administrator  
Division of Child and Family Services

FROM: Terri Humes, Fiscal Manager *TH*

Subject: Finding 09-1 Foster Care, CFDA 93.658; ARRA Foster Care, CFDA 93.658; Adoption Assistance, CFDA 93.659; ARRA Adoption Assistance, CFDA 93.659; and TANF, CFDA 93.558

### CRITERIA AND CONDITION

As noted in OMB A-87, Cost Principles for State, Local and Indian Tribal Governments, amounts charged to federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

During testing of the Reports/Requests for Funds for administrative costs for the quarter ended December 31, 2008, a calculation error was identified in the supporting spreadsheets. The error resulted in nominal variances of TANF, Foster Care and Adoption Assistance administrative expenditures.

During testing of the supporting spreadsheets for that same report, a formula error which resulted in a \$10,000 understatement of TANF expenditures.

### DEPARTMENT RESPONSE

The Department does not view this as a systemic problem but an isolated incidence. Because this was an isolated instance, it should be noted as so in the finding. Under Section 510 of A-133, it states that the Auditor shall include information to provide proper perspective of judging the prevalence and consequences of the questioned costs.

In reviewing the findings, the net effect of the Request for Funds for administrative costs resulted in minimal variances based on the inconsistencies of the methodology between the two cost centers in calculating the percentages.

The net effect of excluding the \$10,000 in the TANF calculations resulted in under-billing for of TANF reimbursements. Since the Department exceeded the reimbursable amount allowed by the Interlocal Agreement between the State and Washoe County, there was no fiscal impact.

The expectation that massive spreadsheets with multiple calculations to determine eligible costs for each benefiting program without data entry errors is unrealistic. For this reason, the Department recently received proposals from vendors to develop and implement an automated cost allocation plan.

### **CORRECTIVE ACTION**

The automated cost allocation plan will interface directly with SAP to calculate and distribute the eligible costs to the correct program. It is anticipated work will begin on the automated plan later this month.

cc: Sheri Mendez, Comptroller  
Kafoury, Armstrong and Company

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Section II – Findings and Questioned Costs for Federal Awards (continued):**

U.S. Department of Health and Human Services:

Finding 09-2:

Temporary Assistance for Needy Families (TANF), CFDA 93.558

*Grant Award Number:* Affects the grant award included under CFDA 93.558, passed through the Nevada Department of Human Resources, Welfare Division, on the Schedule of Expenditures of Federal Awards.

*Criteria and Condition:* As noted in Nevada Division of Welfare and Supportive Services TANF Emergency Assistance (EA) Program Desk Guide, an application is considered complete when it sufficiently describes the child's or child's family profile, including (a) household members, (b) resources, (c) TANF EA information (d) services to be provide, (e) certification with date and worker signature, and (f) separate area for eligibility determination with date and signature of eligibility specialist. Additionally, it states that an application which lacks sufficient information to make an eligibility decision, as determined by the eligibility specialist, cannot be considered for emergency services or assistance. Finally, it states that if, during the initial certification process, service to meet a child's emergency will extend beyond a four-month duration, it will be considered TANF assistance and not billable to TANF-EA.

During our testing over eligibility for TANF-EA we reviewed applications for a sample of cases included in a Report/Request for Reimbursement, and identified an instance where a case worker failed to document the TANF-EA eligibility information for a child. The case worker performed an initial assessment at the hospital when the child was born, and at that time partially completed the eligibility application. The assessment was initiated due to the fact that the child had siblings placed in long-term foster care with the County. At that time the application was filled out solely for case management support, as the child was expected to be in the hospital for several weeks and foster care would not be needed until his release. When the child was subsequently released from the hospital and placed in foster care, the application form was not updated to document the expected length of services to meet the TANF-EA eligibility requirement, or to document that a TANF-EA eligibility determination was made by the case worker.

*Questioned Costs:* None reported.

*Context:* The condition appears to be an isolated instance.

*Effect:* Unallowable costs may have been charged to the Federal program.

*Cause:* Existing policies related to the documentation of TANF eligibility were not adhered to.

**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Section II – Findings and Questioned Costs for Federal Awards (continued):**

*Recommendation:* We recommend that the County reinforce compliance with existing policies related to the documentation of TANF eligibility.

*Management 's Response:* See management's response on page C - 23



# WASHOE COUNTY

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## DEPARTMENT OF SOCIAL SERVICES

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RENO, NEVADA 89520-0027  
PHONE: (775) 785-5641  
FAX: (775) 785-5640

October 7, 2009

TO: Diane Comeaux, Administrator  
Division of Child and Family Services

Romaine Gilliland, Administrator  
Department of Health and Human Services  
Division of Welfare and Supportive Services

FROM: Terri Humes, Fiscal Manager *TH*

Subject: Finding 09-2 TANF, CFDA 93.558

## CRITERIA AND CONDITION

As noted in Nevada Division of Welfare and Supportive Services TANF Emergency Assistance (EA) Program Desk Guide, an application is considered complete when it sufficiently describes the child's or child's family profile, including (a) household members, (b) resources, (c) TANF EA information, (d) services to provide, (e) certification with date and worker signature, and (f) separate area for eligibility determination with date and signature of eligibility specialist. Additionally, it states that an application which lacks sufficient information to make an eligibility decision, as determined by the eligibility specialist, cannot be considered for emergency services or assistance. Finally it states that if during the initial certification process, service to meet a child's emergency will extend beyond a four-month duration, it will be considered TANF assistance and not billable to TANF-EA.

During testing of eligibility for TANF-EA applications for a sample of cases included in a Report/Request for Reimbursement, a case worker failed to document the TANF-EA eligibility information for a child.

## DEPARTMENT RESPONSE

The child in question was born on July 22, 2008. At the time the TANF application submitted indicated only case management services were required. The child was in the hospital, not in a paid placement. The referral indicated the child was born at 30 weeks and was on a respirator but otherwise doing fine. The child remained in the

hospital for two months and was then placed into foster care. The Eligibility Specialist did not request a new TANF application from the worker, as required. Assuming the placement would be less than four months because the siblings were placed with relatives, TANF-EA was billed. TANF was billed \$5,086.80 for the child's placement costs for 120 days from September 22, 2008 until January 19, 2009. This amount was deducted from the June 2009 Report/Request for Funds.

### **CORRECTIVE ACTION**

This is an isolated instance. Management has talked with staff regarding the need to ensure an updated eligibility application is submitted whenever a child is placed in a paid placement, regardless of the report date.

Cc: Sheri Mendez, Comptroller  
Kafoury, Armstrong and Company



**WASHOE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Section II – Findings and Questioned Costs for Federal Awards (continued):**

U.S. Department of Health and Human Services:

Finding 09-3:

Adoption Assistance, CFDA 93.659  
ARRA Adoption Assistance, CFDA 93.659

*Grant Award Number:* Affects the grant awards included under CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

*Criteria and Condition:* As noted in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, amounts charged to federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

During our testing of the Title IV-E Subsidized Adoptions costs included on the Report/Request for Funds for the month ended March 31, 2009, we noted that the Request did not reconcile to the IV-E Monthly Expenditure Detail, which shows the detail of the subsidy payments made for individual children. It was determined that monthly payments of \$850 to subsidize the adoption of a 17 year-old child had been terminated in December 2008 when the adoptive parents reported to the County case worker that they were no longer providing support for the child. That information was not communicated to the person responsible for maintaining the schedule that supports the Report/Request for Funds; therefore the County continued to request reimbursement for subsidy amounts that were no longer being paid out.

*Questioned Costs:* None reported.

*Context:* The condition noted above appears to be a systemic problem.

*Effect:* Unallowable costs were charged to the Federal program.

*Cause:* Although procedures were in place to make financial adjustments for the Report/Request for Funds to reflect changes in case status, the review and reconciliation procedures over the Report/Request for Funds were not sufficient to identify variances from amounts paid out for subsidies to the amounts requested for reimbursement on those reports.

*Recommendation:* We recommend that the County enhance channels of communication between the case workers and the grant accountants, and develop a reconciliation process for the Report/Request for Funds to ensure only allowable costs are charged to the Federal program.

*Management's Response:* See management's response on page C - 26



# WASHOE COUNTY

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PHONE: (775) 785-5641  
FAX: (775) 785-5640

October 7, 2009

TO: Diane Comeaux, Administrator  
Division of Child and Family Services

FROM: Terri Humes, Fiscal Manager *YH*

Subject: Finding 09-3 Adoption Assistance, CFDA 93.659; ARRA Adoption Assistance CFDA 93.659

## CRITERIA AND CONDITION

As noted in OMB A-87, Cost Principles for State, Local and Indian Tribal Governments, amounts charged to federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

During testing of the Title IVE Subsidized Adoption costs included on the Report/Request for Funds for the month ended March 31, 2009,, the Request did not reconcile to the IVE Monthly Expenditure Detail, which shows the detail of the subsidy payments made for individual children. Monthly payments of \$850.00 to subsidize the adoption of a 17 year-old child had been terminated in December 2008 when the adoptive parents reported to the County case worker that they were no longer providing support for the child. The information was not communicated to the person responsible for maintaining the schedule that supports the Report/Request for Funds; therefore the County continued to request reimbursement for subsidy amounts that were no longer being paid out.

## DEPARTMENT RESPONSE

The Department agrees this incidence was a systemic problem. The over billing for three months in the amount of \$2,550 was reversed on the June 2009 Title IVE Request for Funds.

## **CORRECTIVE ACTION**

The Eligibility Unit is now required to reconcile to a monthly report generated from UNITY, the Statewide Automated Child Welfare Information System, to ensure the Request for Reimbursement agrees with the amounts actually paid to adoptive parents.

Cc: Sheri Mendez, Comptroller  
Kafoury, Armstrong and Company

**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

*Finding Relating to the Financial Statements:*

Finding 08-1

*Finding Summary:*

Generally accepted accounting principles require that changes in depreciation resulting from a change in the estimated useful lives of capital assets be accounted for prospectively.

Washoe County extended the useful lives of certain assets in the Water Resources Department and recalculated depreciation from the dates the capital assets were placed in service using the extended lives, rather than applying the change in estimated useful lives prospectively. This resulted in a reduction in accumulated depreciation of approximately \$2,000,000. To correct this, the County decreased current year depreciation by the same amount.

To improve the County's accounting for capital assets, a number of Department of Waster Resources' assets were removed from the system and re-entered in a different module of the financial reporting system. When the assets were re-entered, they were entered using the useful lives in place at that time, although a number of the assets' useful lives had been modified in prior years. This resulted in a reduction in accumulated depreciation at the beginning of the year. To adjust for this and balance to the calculated ending accumulated depreciation, the County decreased the calculated current year depreciation by approximately \$2,000,000.

*Auditor's*

*Recommendation:*

We recommended the County manually enter or override the beginning accumulated depreciation amounts whenever the useful lives of assets are changed.

*Current Status:*

Corrective action has been taken. The County has established procedures to verify and reconcile beginning and ending balances both before and after converting any financial statement data and any differences noted will be corrected.

**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

*Finding Relating to the Financial Statements (continued):*

Finding 08-2

*Finding Summary:*

Internal controls should be in place to ensure that amounts paid for intangible assets are adequately supported and that an item(s) of at least equal value is received in exchange.

During the year ended June 30, 2008, the County discovered that a long time employee of the Water Resources Department had authorized approximately \$2.2 million in purchases for well capacity, an intangible capital asset, from companies he had created that had no well capacity to sell. The transactions were processed through the County's financial reporting system and many were approved by multiple levels of management.

There were no internal control procedures in place to validate, after the fact, the receipt and authenticity of intangible assets by someone other than the person initiating the purchase.

*Auditor's*

*Recommendation:*

We recommend the County re-evaluate the internal controls in place surrounding intangible assets to ensure that intangible assets purchased are bona-fide and substantiated. We also recommend the County consider taking legal action against and seek restitution from the former employee.

*Current Status:*

Corrective action has been taken. The County has implemented procedures to obtain third party verification of ownership, existence and value of intangible assets. Upon finalization of a transaction, the County has implemented procedures to ensure the transfer of ownership and/or rights is obtained.

**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

***Findings and Questioned Costs for Federal Awards:***

U.S. Department of Health and Human Services:

Finding 08-3:

Immunization Grants, CFDA 93.268

*Grant Award Number:* Affects the grant awards included under CFDA 93.268 on the Schedule of Expenditures of Federal Awards.

*Finding Summary:* As noted in the OMB Circular A-133, program income must be correctly determined, recorded, and used in accordance with the program requirements. 45 CFR 92 provides that a subgrantee must maintain records that adequately identify the source and application of Federal funds, including program income.

During testing of program income received for immunization services, amounts included on the daily deposit sheets could not be reconciled to the supporting documentation. The County uses four separate codes on the cash register to identify the type of payment received from each client, including: cash, credit card, Medicaid billing, or non-payment (Balance Due). We examined the total, by code, on the daily register tapes and attempted to tie the amount coded as cash receipts to the amount included on the daily deposit sheet as cash; the amounts coded to credit card receipts to the daily credit machine reports; the amounts coded to Medicaid billing to the daily Medifax reports; and the amounts coded to Balance Due to supporting Balance Due forms that are completed by the clerk, with a copy given to the client. For five out of six days tested, the amounts included on the daily deposit sheet were not supported by the register tapes or the other relevant supporting documents for one or more payment categories. It was noted that there may be instances when the register tape would not tie to the support, such as a Medicaid billing initiated by the client subsequent to the date of service. The County did not have policies or procedures in place requiring the reconciliation of the variances. During our testing adequate evidence was not available to support or reconcile the variances.

*Auditor's*

*Recommendation:* We recommend that the County prepare a reconciliation of the daily register tapes to the supporting documentation for each charge code and investigate variances to ensure all cash receipts are being included as program income.

*Current Status:*

Corrective action has been taken. The department has implemented electronic cash receipting within the Insight clinic database. The cash receipting system is used for daily reconciliations that are reviewed by program managers. All variances are investigated and reported to the Administrative Health Services Officer.

**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

***Findings and Questioned Costs for Federal Awards (continued):***

U.S. Department of Health and Human Services:

Finding 08-4:

Adoption Assistance, CFDA 93.659

*Grant Award Number:* Affects the grant award included under CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

*Criteria and Condition:* As noted in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, amounts charged to federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

During our testing of the Report/Requests for Funds for case management costs for the quarter ended March 31, 2008, a transposition error was identified in the supporting spreadsheets. The error resulted in an overstatement of the Adoption Assistance expenditures.

*Auditor's*

*Recommendation:* We recommend that the County enhance the review process related to the Report/Request for Funds for this grant to ensure only allowable costs are charged to the Federal program.

*Current Status:*

Corrective action has been partially implemented. The eligibility Supervisor will continue to review reports and will expand the review procedures in the coming year. In addition, the department is seeking bids for a cost allocation system that will interface with the current financial system and eliminate redundant, error prone data entry.

**WASHOE COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

***Findings and Questioned Costs for Federal Awards (continued):***

U.S. Department of Health and Human Services:

Finding 07-2:

Temporary Assistance for Needy Families (TANF), CFDA 93.558

*Grant Award Number:* Affects the grant award included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

*Criteria and Condition:* As noted in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, amounts charged to federal programs must be for allowable costs. To be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of the Federal award, and be adequately documented.

During our testing of the Report/Requests for Funds for case management costs for the quarter ended March 31, 2007, a footing error was identified in the supporting spreadsheets in which two amounts were captured twice. Additionally, while testing the support for that Request, we noted two other instances where costs were improperly included twice. The net of those errors resulted in an overstatement of the TANF EA expenditures.

*Auditor's*

*Recommendation:* We recommend that the County review and modify the design of the supporting worksheets, and enhance the review process related to the Report/Request for Funds for this grant to ensure only allowable costs are charged to the Federal program.

*Current Status:* Corrective action has been partially implemented. The eligibility Supervisor will continue to review reports and will expand the review procedures in the coming year. In addition, the department is seeking bids for a cost allocation system that will interface with the current financial system and eliminate redundant, error prone data entry.