

**CITY OF SACRAMENTO, CALIFORNIA**

Single Audit Reports

For the Fiscal Year Ended June 30, 2008

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

**For the Fiscal Year Ended June 30, 2008**

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

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>United States Department of Labor</b>			
Passed Through Sacramento Employment and Training Agency:			
2007 Workforce Investment Act Youth Activities	17.259	046301IS	\$ 201
2008 Workforce Investment Act Youth Activities	17.259	046301IS	144,295
2009 Workforce Investment Act Youth Activities	17.259	046301IS	2,454
<b>Total United States Department of Labor</b>			<b>146,950</b>
<b>United States Department of Agriculture</b>			
Passed Through State of California Department of Education:			
Child and Adult Care Food Program			
2007 Snack Program	10.558	34-2883-1K	99,140
2008 Snack Program	10.558	34-2883-1K	229,852
Subtotal Child and Adult Care Food Program			<u>328,992</u>
Summer Food Service Program for Children			
2007 Year Round Food Program	10.559	34-83400V	436,250
2008 Year Round Food Program	10.559	34-83400V	215,108
Subtotal Summer Food Service Program for Children			<u>651,358</u>
<b>Total United States Department of Agriculture</b>			<b>980,350</b>
<b>United States Department of Transportation</b>			
Passed Through State of California Department of Transportation (CALTRANS):			
Highway Planning and Construction	20.205	HP21L-5002(090)	794,160
Highway Planning and Construction	20.205	STLP-5002(5)	135
Highway Planning and Construction	20.205	STLP-5002(5)	5,002
Highway Planning and Construction	20.205	CML-5002(055)	276,206
Highway Planning and Construction	20.205	CML-5002(041)	15,479
Highway Planning and Construction	20.205	STPLER-5002(066)	85,951
Highway Planning and Construction	20.205	STPE-5002(110)	60,299
Highway Planning and Construction	20.205	BHLS-5002(111)	249,505
Highway Planning and Construction	20.205	ITS02-5002(091)	88,745
Highway Planning and Construction	20.205	STPL-5002(107)	27,236
Highway Planning and Construction	20.205	BRLS-5002(054)	423,742
Highway Planning and Construction	20.205	STPL-5002(044)	736
Highway Planning and Construction	20.205	HPO2L-5002(089)	565,374
Highway Planning and Construction	20.205	DEM05L-5002(112)	34,792
Highway Planning and Construction	20.205	CML-5002-047	150,427
Highway Planning and Construction	20.205	STPL-5002(103)	1,054,501
Highway Planning and Construction	20.205	CML-5002(117)	292,006
Highway Planning and Construction	20.205	HP21L-5002(068)	57,871
Highway Planning and Construction	20.205	STPL-5002-067	4,734
Highway Planning and Construction	20.205	STPLER-5002(072)	77,627
Highway Planning and Construction	20.205	CML-5002(109)	71,148
Highway Planning and Construction	20.205	STPL-5002(097)	183,266
Highway Planning and Construction	20.205	BRLS-5002(098)	1,087,849
Highway Planning and Construction	20.205	BRLS-5002(122)	2,818
Highway Planning and Construction	20.205	BRLS-5002(123)	21,896
Highway Planning and Construction	20.205	STPL-5002(118)	2,838,453
Highway Planning and Construction	20.205	BRLS-5002(115)	47,803
Highway Planning and Construction	20.205	CML-5002(119)	5,297
Highway Planning and Construction	20.205	HPLUL-5002(128)	155,656
Highway Planning and Construction	20.205	RPSTPL-502(088)	17
Highway Planning and Construction	20.205	RPSTPLE-5002(105)	103,694
Subtotal Highway Planning and Construction			<u>8,782,425</u>

The accompanying notes are an integral part of this schedule

**CITY OF SACRAMENTO, CALIFORNIA  
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**Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>United States Department of Transportation (Continued)</b>			
Passed Through State of California Office of Traffic Safety (OTS):			
State and Community Highway Safety - Alcohol and Police Traffic	20.600	AL0567	192
State and Community Highway Safety - OTS Street Racing Task Force	20.600	PT0562	8,221
Subtotal State and Community Highway Safety			<u>8,413</u>
Passed Through California State Parks:			
Recreational Trails Program	20.219	RT-34-015	125,102
<b>Total United States Department of Transportation</b>			<u><b>8,915,940</b></u>
<b>United States Department of Justice</b>			
Direct Programs:			
National Institute of Justice Research, Evaluation, and Development Project Grants - Solving Cold Case DNA			
	16.560	N/A	92,424
Community Prosecution and Project Safe Neighborhoods			
	16.609	N/A	2,215
Public Safety Partnership and Community Policing Grants:			
Universal Hiring	16.710	N/A	\$ 779,583
Universal Hiring II	16.710	N/A	601,776
2003 Regional Community Policing Institute			
Integrity/Public Trust Initiative	16.710	N/A	11,459
COPS Interoperable Communications Technology			
	16.710	N/A	159,512
COPS in Schools			
	16.710	N/A	417,360
COPS 2006 Secure Our Schools			
	16.710	N/A	271,301
COPS 2007 Technology Program			
	16.710	N/A	1,644
Subtotal Public Safety Partnership and Community Policing Grants			<u>2,242,635</u>
Gang Resistance Education and Training - 2006			
	16.737	N/A	47,125
Gang Resistance Education and Training - 2007			
	16.737	N/A	36,924
Subtotal Gang Resistance Education and Training			<u>84,049</u>
Edward Byrne Memorial Justice Assistance Grant Program			
	16.738	N/A	3,438
Edward Byrne Memorial Justice Assistance Grant Program			
	16.738	N/A	397,300
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			<u>400,738</u>
<b>Total United States Department of Justice</b>			<u><b>2,822,061</b></u>
<b>United States Department of Energy</b>			
Direct Program:			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance:			
Solar Cities America	81.117	N/A	440
<b>Total United States Department of Energy</b>			<u><b>440</b></u>
<b>United States Environmental Protection Agency</b>			
Direct Program:			
Brownsfield Assessment and Cleanup Cooperative Agreements:			
Revolving Loan Fund	66.818	N/A	14,667
<b>Total United States Environmental Protection Agency</b>			<u><b>14,667</b></u>
<b>Corporation for National and Community Service</b>			
Direct Programs:			
2008 AmeriCorps	94.006	N/A	246,471
2007 AmeriCorps	94.006	N/A	9,335
<b>Total Corporation for National and Community Service</b>			<u><b>255,806</b></u>

The accompanying notes are an integral part of this schedule

**CITY OF SACRAMENTO, CALIFORNIA  
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**Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>United States Department of Homeland Security</b>			
Direct Programs:			
National Urban Search & Rescue (US&R) Response System:			
Greensburg, Kansas Tornado	97.025	N/A	594
Type II Katrina	97.025	N/A	245
Space Object Re-entry	97.025	N/A	204
Urban Search and Rescue	97.025	N/A	333,076
Urban Search and Rescue 2007	97.025	N/A	549,500
Urban Search and Rescue 2008	97.025	N/A	36,230
National Urban Search & Rescue Response System	97.025	N/A	104,764
National Urban Search & Rescue Response System	97.025	N/A	163,951
Subtotal National Urban Search & Rescue (US&R) Response System			1,188,564
 Homeland Security Information Technology and Evaluation	 97.066	 N/A	 3,409
 Passed through State of California Office of Emergency Services:			
Urban Areas Security Initiative:			
Homeland Security	97.008	067-64000	64,633
Homeland Security 2007	97.008	067-64000	153,316
Homeland Security Urban Areas Security Initiative	97.008	067-64000	405,136
Homeland Security Urban Areas Security Initiative	97.008	2006-0071	3,531,129
Katrina 2005	97.008	067-64000	50,159
Emergency Management Performance Grant 2006	97.008	000-92250	76,620
Metropolitan Medical Response System	97.008	282-99-0034	1,418
Metropolitan Medical Response System - Maintenance	97.008	282-99-0034	148,399
Subtotal Urban Areas Security Initiative			4,430,810
<b>Total United States Department of Homeland Security</b>			<b>5,622,783</b>
 <b>Total Expenditures of Federal Awards</b>			 <b>\$ 18,758,997</b>

**CITY OF SACRAMENTO, CALIFORNIA**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2008**

**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, 2008. 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, 2008:

<u>Program</u>	<u>Grant Amount</u>	<u>Agreement Number</u>	<u>Expenditures</u>		<u>Total</u>
			<u>Federal</u>	<u>State</u>	
Alzheimer's Day Care Resource Center	\$ 75,010	AL-0708-03	\$ -	\$ 75,010	\$ 75,010

**CITY OF SACRAMENTO, CALIFORNIA**

**Notes to the Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2008**

**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, 2008:

	<u>Grants Award Number</u>	<u>Grant Amount</u>	<u>Expenditures</u>			<u>Total</u>
			<u>Federal</u>	<u>State</u>	<u>Match</u>	
Gang Violence Suppression						
Personnel Service	GV07037901	\$ 106,780	\$ -	\$ 98,312	\$ 9,831	\$ 108,143
Operating Expense		443,220	-	401,688	40,169	\$ 441,857
Total		<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 50,000</u>	<u>\$ 550,000</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, 2008:

<u>Program</u>	<u>Grant Amount</u>	<u>Agreement Number</u>	<u>Expenditures</u>		<u>Total</u>
			<u>Federal</u>	<u>State</u>	
Cover the Kids	\$ 1,021,686	07/08-MH-044-A1	\$ -	\$ 898,765	\$ 898,765



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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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 21, 2009. Our report contained an explanatory paragraph describing the City's adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* and GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, effective July 1, 2007. 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 City's financial statements that is more than inconsequential will not be prevented or detected by the City'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*.

We noted certain matters that we reported to management of the City in a separate letter dated April 21, 2009.

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.

*Maia Mini & O'Connell LLP*

Certified Public Accountants

Sacramento, California  
April 21, 2009



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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, 2008. 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-3 and 2008-4.

### ***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.

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

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 2008-1 and 2008-2 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. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2008-1 to be a material weakness.

### ***Schedule of Expenditures of Federal Awards***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated April 21, 2009. Our report contained an explanatory paragraph describing the City's adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* and GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, effective July 1, 2007. 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.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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.

*Maia Hui & O'Connell LLP*

Certified Public Accountants

Sacramento, California  
April 21, 2009

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

**Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2008**

**Section I – Summary of Auditor’s Results**

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
<ul style="list-style-type: none"> <li>• Material weaknesses identified?</li> <li>• Significant deficiencies identified that are not considered to be material weaknesses?</li> </ul>	<p>Yes</p> <p>Yes</p>
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major programs:

<u>Program Title</u>	<u>CFDA/Grant Number</u>
Highway Planning and Construction	20.205
Summer Food Service Program for Children	10.559

Dollar threshold used to distinguish between Type A and Type B programs:	\$562,770
Auditee qualified as low-risk auditee?	Yes

**CITY OF SACRAMENTO, CALIFORNIA  
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**Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2008**

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

**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.

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**Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2008**

**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.

**Management Response:**

The City agrees with the recommendation and will formalize its use of the compliance checklist. The City believes program staff have 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.

**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.

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**Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2008**

**Effect:**

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

**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.

<b>Item:</b>	2008-03
<b>Federal Program:</b>	Summer Food Service Program for Children
<b>CFDA #:</b>	10.559
<b>Department:</b>	United States Department of Agriculture
<b>Passed through:</b>	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 7 CFR 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  
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**Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2008**

**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.

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

**Criteria:**

In accordance with the *Administrative Guide for Sponsors of the Summer Food Service Program* and 7 CFR 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.

**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.

**CITY OF SACRAMENTO, CALIFORNIA  
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**Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2008**

**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.

**CITY OF SACRAMENTO, CALIFORNIA  
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**Status of Prior Year Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2008**

**None.**