

**COUNTY OF NAPA**  
**Comments Pertaining to the**  
**Management Report**  
**As of June 30, 2005**

**COUNTY EXECUTIVE OFFICER/INFORMATION TECHNOLOGY SERVICES/AUDITOR-CONTROLLER**

**YEAR END CLOSING PROCEDURES**

Condition

The Auditor-Controller's office does a very good job in conducting procedures to close the annual accounts and books of the County and in preparing schedules and documents for the annual outside audit. However, the process of closing and preparing for the annual audit is very labor intensive at year end. The PeopleSoft computer system that the County uses is capable of preparing many reports at year end which would facilitate making the year end closing procedures more efficient if they were used to the fullest degree possible. (Prior year comment)

For example, the Auditor-Controller's office could use the PeopleSoft computer system to report the activity of governmental trust funds rather than the labor intensive process of relaying data into spreadsheets.

Recommendation

We recommend that the County consider implementing a process to review current operating and closing procedures, along with software capabilities to determine the most efficient and cost effective way in which to close its books annually as well as using the system so that outside spreadsheets can be reduced to a minimum. We also recommend that staff continue to obtain training regarding PeopleSoft financial system's capabilities in generating financial statement reports which would assist staff in preparing the County's financial reporting at year end, as well as preparing management reports at other intervals during the year.

Auditor-Controller's Response:

We concur with the Recommendation. The Auditor-Controller's department achieved the goal of preparing GASB34 Financial Statements and interim financial information using PeopleSoft financial information. We are currently working with Information Technology Services to develop a process of analyzing PeopleSoft Financial Information to generate the Financial Statements. The application is currently in development and the goal is to generate a portion of the 2005-2006 Financial Statements utilizing the new technology.

County Executive Officer Response: We concur with the Auditor-Controller's response.

Chief Information Officer Response: We concur with the Auditor-Controller's response.

## COUNTY EXECUTIVE OFFICER/AUDITOR-CONTROLLER

### ACCOUNTING FOR GOVERNMENTAL TRUST FUNDS

#### Condition

The County adopted the provisions of GASB Statement No. 34 (GASB 34), *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as of July 1, 2002. GASB 34 states that assets held for the government should no longer be reported in fiduciary funds but rather in governmental or proprietary funds, as appropriate. During our review of the County’s trust funds, we determined the County is properly reporting trust funds that belong to the County within the primary government as required by GASB 34; however, the County is relying on electronic spreadsheets to compile the cash activity and balances of approximately 100 funds to reclassify these funds for financial reporting.

Currently, these trust funds are being reported in trust accounts within the County’s accounting system. Due to the structure of these trust accounts within the accounting system, the County is not able to fully utilize the capabilities of its accounting system to generate reports necessary for financial reporting and budgeting of these trust funds and has to rely on electronic spreadsheets for summarizing the activity of each of these funds. For example, the County is not able to generate revenue and expense type for a particular fund without manually summarizing the activity. In addition, we noted that payments were being made directly out of this fund without any budgetary consequences since revenues and disbursements are not compared against the adopted budget unless the funds are transferred from the trust funds to an existing governmental fund.

#### Recommendation

We recommend that the Auditor-Controller’s office consider utilizing its accounting system to account for the activity of governmental trust funds rather than the labor-intensive process of relaying data into spreadsheets and to budget for trust fund activity. To implement this process, the Auditor-Controller’s office will need to close out the governmental trust funds from the trust funds where they are currently being reported and either combine the balances with an existing governmental fund or create new funds utilizing the existing governmental fund structure.

#### Auditor-Controller’s Response:

We concur with the Recommendation. The Auditor-Controller and the County Executive Office need to discuss and reach consensus on how the existing trust funds should be accounted and budgeted. The current proposal is to budget the trust funds by functional group in special revenue or proprietary funds. This would allow the financial system to prepare budgetary statements and eliminate the need for the spreadsheet process. This process could still be accomplished for the 2006-2007 budget year.

County Executive Officer Response: We concur with the Auditor-Controller’s response.

## **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES – CFDA 93.558**

### **SIXTY-MONTH TIME LIMIT**

#### Condition

The eligibility workers are required to review the 60-month cutoff and document this review with a worksheet "calendar" maintained in the file or track the 60 month clock in ISAWs. The County also uses WDTIP (part of MEDS) but this system is frequently not accurate. Twenty-nine case files were tested. In Case No. 84946, it was noted that one member of the family, who was subject to the 60-month time limit, did not have the 60-month TANF time-limit tracking worksheet nor did it have this tracking in ISAWs. This person did not meet any exemption to the time-on-aid requirements.

#### Recommendation

We recommend that the County review its current system of ensuring that the 60-month time-on-aid, TANF limit is not exceeded and determine whether or not this exception is an isolated instance of noncompliance or the system of controls should be revised.

#### Director, Health & Human Services Response:

We concur with the recommendation. SAWS automatically generates two clock-tracking reports which instigate review at both 54 and 58 months. In Case No. 84946, the family had been on aid the equivalent of 38 TANF months, or 30 CalWORKs months, and thus did not show up on either report. To ensure clients do not go past the 60-month limit, however, the regular use of the clock-tracking reports will be reinforced to staff. Additionally, critical clock-tracking information will be added to the "hot screen" – an eligibility computer screen which currently identifies certain information requiring the supervisor's attention every time a case is reviewed.

### **ONLY CHILD IN THE HOME PAST 18 WITH NO SECONDARY EDUCATION EXEMPTION**

#### Condition

Eligibility was tested in twenty-nine TANF cases. In Case No. 101401, a child in the home turned 18 in January 2004. There was no documentation in the file which showed that the child was expected to complete a secondary education program by her nineteenth birthday. The child and her mother were still on aid at June 30, 2005.

#### Recommendation

We recommend that the County determine whether this exception is an isolated instance of noncompliance or internal control procedures should be revised. We further recommend that the County consider whether or not tracking and review procedures could be implemented to prevent recurrence of this situation.

Director, Health & Human Services Response:

In this case, the caseworker had requested verification of school attendance to see if the criterion of completing school by the 19th birthday was met. The case continued to roll beyond the month of the only eligible child's 18th birthday as the worker allowed for more time for response from the client.

SAWS automatically generates an alert to the caseworker when a child is going to turn 18. Additionally, an adhoc report which shows all children who are turning 18 is sent to all caseworkers. The caseworker is prompted by both reports to review the case(s) and request documentation that a child would meet the criteria to continue on aid (e.g. that he/she will finish school by 19th birthday). In Case No. 101401, it appears that a follow up mechanism was not in place for the caseworker to close the case if no response was received by a certain date. We believe this type of situation/error is isolated or infrequent and that the tracking systems in place to prevent this type of error from occurring are effective.

The stated overpayment of \$2,840 will be offset by child support collected (to reimburse aid). The overpayment total, given the offset, is \$1,095. The overpayment claim has been set up and notices issued.