



Agenda Date: 1/10/2006
Agenda Placement: 6K

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Pamela Kindig - Auditor-Controller
Auditor - Controller
REPORT BY: Stephen Owen, Accountant-Auditor II, 253-4589
SUBJECT: Monitoring Reports of grants funds, Joint Power Agency Transportation and Travel Audit Reports and one Departmental Audit Report as listed in the Recommendation

RECOMMENDATION

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the following County of Napa Monitoring and Audit Reports:

1. Monitoring of Shirley Ware Education Center for Nurse Workforce Initiative Program (Workforce Investment Act Funds) awarded by Napa County Regional Training and Employment Center Monitored through September 30, 2004;
2. Monitoring of County of Napa Health and Human Services Agency for Nurse Workforce Initiative Program (Workforce Investment Act Funds) awarded by Napa County Regional Training and Employment Center Monitored through September, 2004;
3. Audit of Napa County Transportation and Planning Agency County-Wide Transportation and Travel Expenditure Accounts for the Fiscal Year ended June 30, 2003;
4. Audit of Napa-Vallejo Waste Management Authority County-Wide Transportation and Travel Expenditure Accounts Audit for the Fiscal Year ended June 30, 2003;
5. Audit of Local Agency Formation Commission of Napa County, County-Wide Transportation and Travel Expenditure Accounts Audit for the Fiscal Year ended June 30, 2003;
6. Audit of Upper Valley Waste Management Agency County-Wide Transportation and Travel Expenditure Accounts Audit for the Fiscal Year ended June 30, 2003; and
7. Audit of County of Napa Department of Agricultural Commissioner/Sealer Departmental Audit for the 12 months ended March 31, 2005.

EXECUTIVE SUMMARY

The Internal Audit Section of the Napa County Auditor-Controller's Office has monitored and audited the financial statements of the following. Acceptance of said audit reports are requested.

1. Monitoring of Shirley Ware Education Center for Nurse Workforce Initiative Program (Workforce Investment

- Act Funds) awarded by Napa County Regional Training and Employment Center Monitored Through September 30, 2004;
2. Monitoring of County of Napa Health and Human Services Agency for Nurse Workforce Initiative Program (Workforce Investment Act Funds) awarded by Napa County Regional Training and Employment Center Monitored Through September 30, 2004;
 3. Audit of Napa County Transportation and Planning Agency County-Wide Transportation and Travel Expenditure Accounts for the fiscal year ended June 30, 2003;
 4. Audit of Napa-Vallejo Waste Management Authority County-Wide Transportation and Travel Expenditure Accounts Audit for the fiscal year ended June 30, 2003;
 5. Audit of Local Agency Formation Commission of Napa County, County-Wide Transportation and Travel Expenditure Accounts Audit for the fiscal year ended June 30, 2003;
 6. Audit of Upper Valley Waste Management Agency County-Wide Transportation and Travel Expenditure Accounts Audit for the fiscal year ended June 30, 2003; and
 7. Audit of County of Napa Department of Agricultural Commissioner/Sealer Departmental Audit for the 12 months ended March 31, 2005.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Monitoring, Transportation and Travel, and Departmental Audits

The Auditor-Controller's Office performs monitoring of grants on behalf of the Napa County Regional Training and Employment Center and audits of the financial records of all County Departments. Staff conducted the following monitoring in accordance with the applicable sections of the Federal Register, Single Audit Act of 1984 and the provisions of OMB Circular A-133, A-110 & A-102:

1. Monitoring of Shirley Ware Education Center for Nurse Workforce Initiative Program (Workforce Investment Act Funds) awarded by Napa County Regional Training and Employment Center Monitored Through September 30, 2004; and
2. Monitoring of County of Napa Health and Human Services Agency for Nurse Workforce Initiative Program (Workforce Investment Act Funds) awarded by Napa County Regional Training and Employment Center Monitored Through September 30, 2004;

Staff conducted the following audits of Travel and Transportation Expenditure accounts in accordance with auditing standards generally accepted in the United States of America and as stipulated in the engagement letter with the respective agencies:

1. Napa County Transportation and Planning Agency County-Wide Transportation and Travel Expenditure Accounts Audit for the fiscal year ended June 30, 2003;
2. Napa-Vallejo Waste Management Authority County-Wide Transportation and Travel Expenditure Accounts Audit for the fiscal year ended June 30, 2003;
3. Local Agency Formation Commission of Napa County, County-Wide Transportation and Travel Expenditure Accounts Audit for the fiscal year ended June 30, 2003; and
4. Upper Valley Waste Management Agency County-Wide Transportation and Travel Expenditure Accounts Audit for the fiscal year ended June 30, 2003.

Staff conducted the following Departmental Audit in accordance with auditing standards generally accepted in the United States of America and as stipulated in the engagement letter with the Department:

1. County of Napa Department of Agricultural Commissioner/Sealer Departmental Audit for the 12 months ended March 31, 2005.

Results of the Monitoring: A monitoring report may contain findings in any of the following four categories:

1. Material Noncompliance
2. Immaterial Noncompliance
3. Questioned Costs
4. Disallowed Costs

Results of the Audits: An audit report may contain findings in any of the following four categories:

1. Material Noncompliance
2. Material Internal Control Weakness (Reportable Conditions)
3. Immaterial Noncompliance
4. Immaterial Internal Control Weakness

The findings noted during the respective monitoring and audits have been summarized below:

MONITORING

Shirley Ware Foundation for the Nurse Workforce Initiative Program Funds awarded by Napa County Regional Training and Employment Center

Category 1: Material Noncompliance

Reports Not on an Accrual Basis - The Shirley Ware Education Center's quarterly expenditure reports are not made on an accrual basis. Workforce Investment Act directive WIAD03-8 requires that fund recipients report expenses on an accrual basis. The requirement for reporting accrued expenses is also incorporated in Napa County Agreement 5088 made between the Shirley Ware Education Center and Napa County, dated October 1, 2002, at Exhibit "A", section five.

Incident Reporting Procedures Not Established - The Shirley Ware Education center has not implemented an incident reporting procedure. Workforce Investment Act directive WIAD02-3 requires that lower-tier sub-recipients establish, document, and implement procedures to immediately notify the funding entity of any suspected or proven fraud, abuse, or other criminal activity involving WIA-funded activities. This requirement is also incorporated into Napa County Agreement 5088, at paragraph 32.

Category 3: Questioned Costs

Accounting Records - Ten percent of personnel cost allocations were not updated accurately to the grant expenditure spreadsheets that were submitted to Napa County for reimbursement. The net value of the errors was small, at (\$78.16), or 0.15% of grant costs for the monitoring period; however, the number of errors was a concern.

County of Napa Health and Human Services Agency for Nurse Workforce Initiative Program Funds awarded by Napa County Regional Training and Employment Center**Category 1: Material Noncompliance**

Missing Contract Provision - One of the contracts selected for monitoring did not contain required language pursuant to the Energy Policy Conservation Act (Public Law 94-163) and [29 Code of Federal Regulations (CFR) 97.36(i)(13)]. Division management have previously been made aware of and have acknowledged this requirement in another grant program monitoring report. However, the contract reviewed predates that report.

Category 3: Questioned Costs

Overhead and Facilities Cost Reclassification, March 2004 Facilities and Communications costs of \$5,199 which comprised part of the March 31, 2004 claim were reported as Overhead, and in the same claim, Overhead costs of \$339 were reported as Facilities and Communications. The net adjustment between these two lines is \$4,860. The net affect to the Expenditure Report is zero.

Reported Cumulative Expenditure Totals Correction - The cumulative expenditure totals for the Support Services and Consultants line items reported as at September 30, 2004 were understated and overstated by \$8,702, respectively. This error did not affect the total reported cumulative expenditure for budget lines thus the net affect to the Expenditure Report is zero.

Cost Sharing at the One-Stop Center The subgrantee has agreed with the Economic Development Department (EDD) that the latter will contribute to the costs of the One-Stop Center by subleasing a portion of the space from the subgrantee. The cost offset arrangement was intended to operate from October 1, 2003 to June 30, 2006, but has not commenced. An amount of \$1,927.80 is owed for the 9 months to June 30, 2004. Napa County became the building owner July 1, 2004 and from that time the subgrantee will no longer charge rent expense to the grant.

AUDITS**County-Wide Transportation and Travel Expenditure Accounts Audit**

The County-Wide Transportation and Travel Expenditure audit covered the transportation and travel expenditures incurred and/or reimbursed for the period of July 1, 2002 through June 30, 2003 by County Departments and other agencies.

Napa County Transportation and Planning Agency County-Wide Transportation and Travel Expenditure Accounts Audit**Category 3: Immaterial Noncompliance**

Time of Departure and Return Not Noted - Four (4) of the five (5) Napa County Transportation and Planning Agency (NCTPA) claims included in the County-Wide sample did not show the time of departure and return. Time of departure and return is necessary to determine which meals, if any, should be reimbursed in accordance with Section 43, subsection IX. of the County Travel Policy. Based on the results of the audit, potentially \$438.41 was paid out County-Wide for meals that should not have been paid. However, NCTPA paid the claims examined with sufficient support documentation with the exception of the time of Departure and Return on the claims noted above.

Mileage Reimbursement Rate Incorrect One (1) of the five (5) NCTPA claims audited used a lower mileage reimbursement rate than the rate established annually by the Internal Revenue Service. This rate is intended to reimburse the employee for the per mile cost of normal maintenance, insurance costs and wear and tear of vehicle.

Authorization Missing – Outside 75-mile Radius and/or Overnight Stay - One (1) NCTPA claim audited for travel outside the 75-mile radius was not sufficiently authorized. In the case of NCTPA, approval by the NCTPA Board would have been appropriate for out of state travel.

Missing Support Documentation - Four (4) of five (5) NCTPA claims audited were not supported by adequate documentation. A photocopy of a personal check was attached to two (2) claims. One (1) claim for parking was not supported by receipts and receipts were not provided in support of a claim for bridge tolls claimed for a trip between Napa and Portland. NCTPA employees were potentially overpaid for travel expense by \$106.

Authorization Missing or Invalid - Authorization for the travel expenditures incurred was missing or invalid for four (4) of the NCTPA claims. In three (3) cases the Executive Director had approved his own travel expenses. In response to the audit, NCTPA has since advised that the Executive Director's Deputy or a Board Member will approve the Executive Director's travel. In the fourth case the claim was approved, but the claimant had not signed the claim. However, NCTPA paid the claims examined with sufficient documentation.

Other - Other NCTPA exceptions included: mileage cost claimed more than six months after the date of travel, claims for travel expense incurred in fiscal year 2001/02 not submitted and paid until fiscal year 2002/03, tips on meals paid in excess of the 15% limit, not charging the correct account and/or budget unit, auto allowance paid via reimbursement rather than through payroll. NCTPA employees were potentially overpaid for travel expenses by \$21.

Napa-Vallejo Waste Management Authority County-Wide Transportation and Travel Expenditure Accounts Audit

Category 3: Immaterial Noncompliance

Time of Departure and Return Not Noted - The Napa-Vallejo Waste Management Authority (NVWMA) claim included in the County-Wide sample did not show the time of departure and return. Time of departure and return is necessary to determine which meals, if any, should be reimbursed in accordance with Section 43, subsection IX. of the County Travel Policy. Based on the results of the audit, potentially \$438.41 was paid out County-Wide for meals that should not have been paid. However, NVWMA paid the claim examined with sufficient support documentation with the exception of the time of Departure and Return on the claim noted above.

Local Agency Formation Commission of Napa County, County-Wide Transportation and Travel Expenditure Accounts Audit**Category 3: Immaterial Noncompliance**

Time of Departure and Return Not Noted - Four (4) of the five (5) Local Agency Formation Commission of Napa County (LAFCO) claims included in the County-Wide sample did not show the time of departure and return. Time of departure and return is necessary to determine which meals, if any, should be reimbursed in accordance with Section 43, subsection IX. of the County Travel Policy. Based on the results of the audit, potentially \$438.41 was paid out County-Wide for meals that should not have been paid. However, LAFCO paid the claims examined with sufficient support documentation with the exception of the time of Departure and Return on the claims noted above.

Authorization Missing – Outside 75-mile Radius and/or Overnight Stay - Two (2) LAFCO claims audited for travel outside the 75-mile radius but within the State of California were not sufficiently authorized.

Authorization Missing or Invalid - Authorization for the travel expenditures incurred was missing or invalid for two of the LAFCO claims. In both cases the Executive Director had approved his own travel expenses. In response to the audit, LAFCO has since authorized LAFCO's Counsel as an alternate signatory to review and authorize claims submitted by the Executive Officer.

Upper Valley Waste Management Agency County-Wide Transportation and Travel Expenditure Accounts Audit

Time of Departure and Return Not Noted - The Upper Valley Waste Management Agency (UVWMA) claim included in the County-Wide sample did not show the time of departure and return. Time of departure and return is necessary to determine which meals, if any, should be reimbursed in accordance with Section 43, subsection IX. of the County Travel Policy. Based on the results of the audit, potentially \$438.41 was paid out County-Wide for meals that should not have been paid. However, VVWMA paid the claim examined with sufficient support documentation with the exception of the time of Departure and Return on the claims noted above.

County of Napa Department of Agricultural Commissioner/Sealer Departmental Audit

There were no reportable or immaterial findings for the Agricultural Commissioner/Sealer Departmental audit for the twelve month period ended March 31, 2005.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Maiko Klieman