

**CHILDREN AND FAMILIES COMMISSION OF
ORANGE COUNTY**

Single Audit Report

For the Year Ended June 30, 2005

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

Single Audit Report

For the Year Ended June 30, 2005

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

Board of Commissioners
Children and Families Commission of Orange County

Compliance

We have audited the compliance of the Children and Families Commission of Orange County (Commission) 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 its major federal program for the year ended June 30, 2005. The Commission's major federal program is 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 its major federal program is the responsibility of Commission management. Our responsibility is to express an opinion on the Commission'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 Commission'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 Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing our audit, we considered the Commission'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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities and general fund of the Commission as of and for the year ended June 30, 2005, and have issued our report thereon dated September 30, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Mason Jini & Company LLP

Certified Public Accountants

Los Angeles, California

March 3, 2006, except for the Schedule of Expenditures of Federal Awards
as to which the date is September 30, 2005

Children and Families Commission of Orange County

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2005

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture: State Nutrition Network Grant Passed through from California Department of Health Services	10.561	03-75490	\$ 116,190
Corporation for National and Community Services: AmeriCorps Program	94.006	06046P023	87,364
U.S. Department of Health and Human Services: Medical Assistance Program Passed through from County of Orange - Medi-Cal Administrative Activities	93.778	03-75080	4,373,770
Total Expenditures of Federal Awards			<u>\$ 4,577,324</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2005

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Children and Families Commission of Orange County (Commission). The Commission's reporting entity is defined in Note 1 of the Commission's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. DEFINITION OF MAJOR FEDERAL AWARD PROGRAM

The Single Audit Act Amendments of 1996 defines major federal award programs based upon total federal expenditures of the grantee during the period reported and inherent risk of the programs audited. The U. S. Department of Health and Human Services – Medi-Cal Administrative Activities (CFDA #93.778) is considered to be a major federal award program for the year ended June 30, 2005. Expenditures reported for fiscal year 2005 include expenditures incurred in fiscal years 2002 through 2005 because this is the first year such expenditures were approved for reimbursement by the grantor agency. (See summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.)

4. RELATION TO FEDERAL AND GRANTOR AGENCY FINANCIAL REPORTS

The accompanying amounts identified in the Schedule of Expenditures of Federal Awards agree to amounts reported in the respective federal and grantor agency financial reports.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2005

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? _____ yes X no

- Reportable condition identified that is not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes X no

- Reportable conditions identified that is not considered to be material weaknesses? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X no

Continued

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2005

Section I-Summary of Auditor's Results (Continued)

Identification of major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program</i>
93.778	Medical Assistance Program

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ yes X no

Section II- Financial Statement Findings

No matters were reported

Section III – Federal Award Findings and Questioned Costs

No matters were reported