

COMPLIANCE SECTION

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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*

To the Honorable Board of Commissioners of
Washoe County, Nevada

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washoe County, Nevada (the "County") as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 19, 2011. 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 the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditors.

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 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 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement on the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 County, 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.

Kafoory, Armstrong & Co.

Reno, Nevada
October 19, 2011

**Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on 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 Washoe County, Nevada's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Washoe County Nevada's major federal programs for the year ended June 30, 2011. 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 19, 2011, 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance:

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 11-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the responses.

This report is intended solely for the information and use of management, others within the entity, 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 19, 2011

**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>U.S. Department of Agriculture:</u>				
Direct Programs:				
Rural Development, Forestry, and Communities (Rural Development Through Forestry)	10.672	08-DG-11051900-032	\$ 2,519	
Rural Development, Forestry, and Communities (Rural Development Through Forestry)	10.672	09-DG-11051900-017	<u>20,829</u>	\$ 23,348
Community Facilities Loans and Grants	10.766	--		49,660
Child Nutrition Cluster:				
Passed through Nevada Department of Education:				
School Breakfast Program	10.553	--	<u>24,860</u>	
National School Lunch Program (School Lunch Program)	10.555	--	43,072	
Passed through Nevada Department of Administration:				
National School Lunch Program (School Lunch Program)	10.555	--	<u>5,555</u>	
			<u>48,627</u>	
Total Child Nutrition Cluster				73,487
Emergency Food Assistance Cluster:				
Passed through Nevada Department of Administration:				
Emergency Food Assistance Program (Administrative Costs)	10.568	--	<u>9,930</u>	
Emergency Food Assistance Program (Food Commodities)	10.569	--	20,601	
Amount Provided to Subrecipients	10.569	--	2,576	
ARRA Emergency Food Assistance Program (Food Commodities)	10.569	--	<u>96</u>	
			<u>23,273</u>	
Total Emergency Food Assistance Cluster				33,203
Schools and Roads Cluster:				
Passed through State Controller:				
Schools and Roads Grants to States-Payments to States	10.665	--		26,793
Passed through Nevada Division of Forestry:				
Cooperative Forestry Assistance	10.664	USDA/UF/CPG07/#05	14,590	
Cooperative Forestry Assistance	10.664	USDA/VFA/09/10	17,440	
Cooperative Forestry Assistance	10.664	USDA/VFA/09/09	<u>17,485</u>	49,515

**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>U.S. Department of Agriculture (continued):</u>				
Passed through Nevada Department of Agriculture:				
Forest Legacy Program (FLP)	10.676	LEGACY 003	\$	4,625
Passed through Nevada Department of Health and Human Services, Health Division:				
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	HD 09077-2	\$	259,312
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	HD 11008-1	<u>827,696</u>	1,087,008
Passed through Nevada Department of Agriculture:				
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	PID 0709-08	227,273	
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	PID 0709-06	179,702	
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	PID 0709-03	406,875	
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	PID 0709-09	127,363	
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	PID 0709-04	336,301	
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	PID 0709-07	132,640	
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	PID 0709-05	53,536	
Passed through Nevada Division of Forestry:				
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	ARRA/WL/09/01	105,278	
ARRA-Recovery Act of 2009:Wildland Fire Management	10.688	ARRA/UFWC/09/01	<u>40,230</u>	<u>1,609,198</u>
Total U.S. Department of Agriculture				<u>2,956,837</u>
<u>U.S. Department of Commerce:</u>				
Passed through Nevada Department of Public Safety Division of Emergency Management:				
Public Safety Interoperable Communications Grant Program (PSIC)	11.555	11555T7	42,820	
Public Safety Interoperable Communications Grant Program (PSIC)	11.555	11555O7	49,410	
Passed through Clark County, Nevada				
Public Safety Interoperable Communications Grant Program (PSIC)	11.555	--	<u>2,216,994</u>	<u>2,309,224</u>
<u>U.S. Department of the Army, Office of the Chief Engineers:</u>				
Direct Programs:				
ARRA-Water and Waste Disposal Systems for Rural Communities	12.121	324125		685,662
Water Resources Development Act of 1999, Section 595 Rural Nevada and Montana	12	UNKNOWN		<u>217,123</u>
Total U.S. Department of the Army				<u>902,785</u>

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>Executive Office of the President, Office of National Drug Control Policy:</u>				
Passed through Las Vegas Metropolitan Police Department:				
High Intensity Drug Trafficking Area (HIDTA)	95.001	G11NV0001A	\$ 89,934	
High Intensity Drug Trafficking Area (HIDTA)	95.001	I8PNVP501Z	13,515	
High Intensity Drug Trafficking Area (HIDTA)	95.001	G10NV0001A	66,157	
Passed through US Marshal's Service:				
High Intensity Drug Trafficking Area (HIDTA)	95.001	G09NV0001A	17,410	\$ 187,016
<u>U.S. Department of Energy:</u>				
Passed through Nevada Office of Energy:				
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	EE032710034		169,218
<u>U.S. Department of Health and Human Services:</u>				
Direct Programs:				
Family Planning-Services	93.217	6FPHPA090003-42-02	881,030	
Program Income	93.217	6FPHPA090003-42-02	81,249	962,279
Research and Development Cluster:				
Child Welfare Research Training or Demonstration	93.648	HHS-ACF-ACYF-CT-0022		954,983
Immunization Cluster:				
Passed through Nevada Department of Health and Human Services:				
Immunization Grants	93.268	HD 10173	183,480	
Immunization Grants	93.268	HD 11244	159,678	
Program Income	93.268	HD 10173	210,842	554,000
TANF Cluster:				
Passed through Nevada Division of Child and Family Services:				
Temporary Assistance for Needy Families (TANF)	93.558	--		430,000
Aging Cluster:				
Passed through Nevada Aging & Disability Services Division:				
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers Program Income	93.044	16-000-05-BX-11	23,881	
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers Program Income	93.044	16-000-11-BX-11	110,000	
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers Program Income	93.044	16-000-11-BX-11	1,465	

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

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011
<u>U.S. Department of Health and Human Services (continued):</u>			
Aging Cluster (continued):			
Passed through Nevada Aging & Disability Services Division (continued):			
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-06-BX-11	\$ 156,249
Program Income	93.044	16-000-06-BX-11	615
Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	16-000-31-BX-11	38,482
Program Income	93.044	16-000-31-BX-11	831
			<hr/>
			331,523
			<hr/>
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-04-2X-10	67,534
Program Income	93.045	16-000-04-2X-10	6,656
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-04-2X-11	213,818
Program Income	93.045	16-000-04-2X-11	18,919
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-07-1X-10	65,912
Program Income	93.045	16-000-07-1X-10	17,645
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-07-1X-11	175,042
Program Income	93.045	16-000-07-1X-11	60,153
Special Programs for the Aging- Title III, Part C-Nutrition Services	93.045	16-000-66-1X-10	2,103
			<hr/>
			627,782
			<hr/>
Nutrition Services Incentive Program	93.053	16-000-57-NX-10	54,319
Nutrition Services Incentive Program	93.053	16-000-57-NX-11	88,456
			<hr/>
			142,775
			<hr/>
Total Aging Cluster			\$ 1,102,080
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	16-000-24-DX-11	51,649
National Family Caregiver Support	93.052	16-000-15-EX-11	85,563
Passed through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC 08 0443	2,779
Medical Reserve Corps Small Grant Program	93.008	MRC 09443	5,000
Medical Reserve Corps Small Grant Program	93.008	MRC 11 443	2,000
			<hr/>
			9,779
Passed through Join Together Northern Nevada:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	--	3,073

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>U.S. Department of Health and Human Services (continued):</u>				
Passed through Nevada Department of Health and Human Services Health Division:				
Public Health Emergency Preparedness	93.069	HD 10068	\$ 69,365	
Public Health Emergency Preparedness	93.069	HD 11061	553,828	
Public Health Emergency Preparedness	93.069	HD 11081	9,789	
Public Health Emergency Preparedness	93.069	HD 10077-1	7,714	
Public Health Emergency Preparedness	93.069	HD 11150	27,640	
Public Health Emergency Preparedness	93.069	HD 10079-2	6,926	
Public Health Emergency Preparedness	93.069	HD 11151	155	
Public Health Emergency Preparedness	93.069	HD 11080	22,137	
Public Health Emergency Preparedness	93.069	HD 11094	31,111	
Public Health Emergency Preparedness	93.069	HD 11079	<u>8,387</u>	\$ 737,052
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HD 10114	36,019	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HD 11184	33,027	
Program Income	93.116	HD 11184	<u>9,584</u>	78,630
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 10235	84,202	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 11266	23,942	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 10150	10,651	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 10148-2	44,225	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 10149-1	5,557	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 11156	14,214	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	2010-030902	5,498	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	2010-112904	6,656	
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	HD 11189	<u>52,239</u>	247,184
National Bioterrorism Hospital Preparedness Program	93.889	HD 11031	305,963	
National Bioterrorism Hospital Preparedness Program	93.889	HD 11211	47,659	
National Bioterrorism Hospital Preparedness Program	93.889	HD 11064	<u>24,971</u>	378,593
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	--		6,402
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	U62/PS923483-06	46,939	
HIV Prevention Activities-Health Department Based (HIV Prevention Program)	93.940	HD 10159	368,675	
Amount Provided to Subrecipients	93.940	HD 10159	<u>198,651</u>	614,265

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>U.S. Department of Health and Human Services (continued):</u>				
Passed through Nevada Department of Health and Human Services Health Division (continued):				
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (HIV/AIDS Surveillance)	93.944	HD 10132-1	\$ 48,821	
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance (HIV/AIDS Surveillance)	93.944	HD 11103	<u>41,540</u>	\$ 90,361
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	HD 10141-2	58,159	
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	HD 11195	68,069	
Program Income	93.977	HD 11195	<u>38,603</u>	164,831
Maternal and Child Health Services Block Grant to the States	93.994	HD 11144		33,077
Passed through Nevada Division of Child and Family Services:				
Promoting Safe and Stable Families	93.556	IVB/17SFY10-11-033	9,102	
Promoting Safe and Stable Families	93.556	IVB3145/17SFY1112033	<u>125</u>	9,227
Adoption Incentive Payments	93.603	AI3229/32SFY11-12008		8,164
Children's Justice Grants to States	93.643	G-0701NVCJA1		10,464
Child Welfare Services-State Grants	93.645	--		90,000
Foster Care-Title IV-E	93.658	--	9,145,571	
Program Income	93.658	--	21,429	
ARRA-Foster Care-Title IV-E	93.658	--	<u>348,445</u>	9,515,445
Adoption Assistance	93.659	--	3,237,881	
ARRA-Adoption Assistance	93.659	--	<u>290,653</u>	3,528,534
Social Services Block Grant	93.667	--		246,653
Chafee Foster Care Independence Program	93.674	CH3145/32SFY11-13020		289,182
Child Support Enforcement	93.563	--	300	
Passed through Nevada Division of Welfare and Supportive Services				
Child Support Enforcement	93.563	--	2,670,589	
Program Income	93.563	--	<u>14,730</u>	2,685,619

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

(CONTINUED)

**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011
<u>U.S. Department of Health and Human Services (continued):</u>			
Passed through Nevada Division of Welfare and Supportive Services (continued):			
Grants to States for Access and Visitation Programs	93.597	0901NVSAVP	\$ 10,621
Grants to States for Access and Visitation Programs	93.597	1101NVSAVP	<u>18,252</u> \$ 28,873
Passed through Centers for Medicare & Medicaid Services:			
Medicare-Prescription Drug Coverage (Medicare Part D)	93.770	CMS-10156	<u>239,215</u>
Total U.S. Department of Health and Human Services			<u>23,155,177</u>
<u>U.S. Department of Homeland Security:</u>			
Homeland Security Cluster:			
Passed through Nevada Department of Public Safety Division of Emergency Management:			
Homeland Security Grant Program	97.067	97067HL7	294,602
Homeland Security Grant Program	97.067	97067HL8	835,444
Homeland Security Grant Program	97.067	97067CL8	40,287
Homeland Security Grant Program	97.067	97067LL6	17,053
Homeland Security Grant Program	97.067	97067LL7	129,715
Homeland Security Grant Program	97.067	97067HE7	3,512
Homeland Security Grant Program	97.067	97067HL9	1,515,417
Homeland Security Grant Program	97.067	97067CL9	17,379
Homeland Security Grant Program	97.067	97067HL1	499,500
Homeland Security Grant Program	97.067	97067CL1	<u>7,100</u>
Total Homeland Security Cluster			3,360,009
Emergency Management Performance Grant (EMPG)	97.042	9704210	31,362
Buffer Zone Protection Program (BZPP)	97.078	97078B09	162,953
Disaster Assistance Projects	97.088	FEMA-1629-DR-NV	141,107
Special Projects	97.001	9700109	107,709
Passed through Nevada Division of Forestry:			
Fire Management Assistance Grant	97.046	FEMA-2822-FM-NV	<u>43,731</u>
Total U.S. Department of Homeland Security			<u>3,846,871</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Direct Programs:			
Housing Counseling Assistance Program	14.169	HC09-0921-016	16,057
Housing Counseling Assistance Program	14.169	HC09-0922-003	1,053

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

(CONTINUED)

**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>U.S. Department of Housing and Urban Development (continued):</u>				
Direct Programs (continued):				
Housing Counseling Assistance Program	14.169	HC09-0923-008	\$ 924	
Housing Counseling Assistance Program	14.169	HC10-0926-018	23,456	
Housing Counseling Assistance Program	14.169	HC10-0921-050	32,889	
Housing Counseling Assistance Program	14.169	HC10-0922-008	2,232	
Program Income	14.169	HC10-0922-008	<u>700</u>	\$ 77,311
CDBG-Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-11-UN-32-0002		11,323
Shelter Plus Care				
Amount Provided to Subrecipients	14.238	NV01C501001	39,161	
Shelter Plus Care				
Amount Provided to Subrecipients	14.238	NV01C601001	<u>36,899</u>	76,060
Passed through Nevada Department of Business and Industry, Housing Division:				
ARRA-Homelessness Prevention and Rapid Re-housing Program (HPRP) (Recovery Act Funded)	14.257	HPRP-2009-0031	22,311	
Amount Provided to Subrecipients	14.257	HPRP-2009-0031	<u>140,420</u>	162,731
CDBG-State Administered Small Cities Program Cluster:				
Direct Programs:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Program Income	14.228	--	600	
Passed through Nevada Commission on Economic Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDBG/09/PF/035	44,011	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	10/PF/021	<u>125,000</u>	
			169,611	
ARRA-Community Development Block Grants/Special Purpose Grants/Insular Areas	14.255	CDBG/08R/PF/789	<u>394,111</u>	
Total CDBG-State Administered Small Cities Program Cluster				<u>563,722</u>
Total U.S. Department of Housing and Urban Development				<u>891,147</u>
<u>U.S. Department of the Interior:</u>				
Direct Programs:				
Recreation Resource Management	15.225	LO9AC15351		5,000
U.S. Geological Survey Research and Data Collection	15.808	G10AC00261		90,000

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

(CONTINUED)

**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011
<u>U.S. Department of the Interior (continued):</u>			
Passed through U.S. Fish and Wildlife Service:			
Swan Lake Restoration In-kind Services	15	UNKNOWN	\$ 10,000
Passed through Nevada Office of the U.S. Bureau of Land Management:			
National Fire Plan - Rural Fire Assistance	15.242	L10AC20238	\$ 2,460
National Fire Plan - Rural Fire Assistance	15.242	L10AC20221	<u>11,951</u>
			14,411
Passed through Nevada Department of the State Treasurer:			
Distribution of Receipts to State and Local Governments (Revenue Sharing, Public Lands and Resources)	15.227	--	13,169
Passed through Nevada Department of Cultural Affairs:			
Historic Preservation Fund Grants-In-Aid	15.904	32-10-219354(14)	<u>5,558</u>
			<u>138,138</u>
<u>U.S. Department of Justice:</u>			
Direct Programs:			
Forensic DNA Backlog Reduction Program	16.741	2009-DN-BX-K099	114,666
Crime Victim Assistance	16.575	3145/20-SFY10-12-098	45,425
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
Crime Victim Assistance	16.575	3145/20-SFY10-12-097	<u>111,810</u>
			157,235
Direct Programs:			
State Criminal Alien Assistance Program (SCAAP)	16.606	--	343,382
ARRA - Recovery Act-Edward Byrne Memorial Competitive Grant Program	16.808	2009-SC-B9-0116	308,416
Bulletproof Vest Partnership Program	16.607	--	9,464
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	16.710	2009CKWX0613	303,337
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	16.710	08-METH-11	37,830
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	16.710	2010CKWX0323	<u>18,978</u>
			360,145
Juvenile Mentoring Program	16.726	2008-JU-FX-0023	8,243
Amount Provided to Subrecipients	16.726	2008-JU-FX-0023	159,851
Juvenile Mentoring Program	16.726	2010-DC-BX-0113	2,339
Amount Provided to Subrecipients	16.726	2010-DC-BX-0113	<u>56,809</u>
			227,242

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

(CONTINUED)

**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>U.S. Department of Justice (continued):</u>				
Direct Programs (continued):				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2008-DN-BX-K046	\$ 405	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2009-CD-BX-0051	20,230	
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	09-PC-02	41,072	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	10-FSI-02	<u>49,027</u>	\$ 110,734
Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)	16.748	2009-DN-BX-K042		75,714
Congressionally Recommended Awards	16.753	2008-DD-BX-0367	321,005	
Congressionally Recommended Awards Amount Provided to Subrecipients	16.753	2011-DD-BX-007	<u>38,000</u>	359,005
Direct Programs:				
Federal Drug Forfeiture Program	16	UNKNOWN	538,423	
Program Income	16	UNKNOWN	10,803	
Passed through US Marshal's Service:				
Federal Drug Forfeiture Program	16	UNKNOWN	21,877	
Passed through City of Reno Police Department:				
Federal Drug Forfeiture Program	16	UNKNOWN	<u>7,368</u>	
			<u>578,471</u>	
Passed through The Center for Holistic Defense at the Bronx Defenders:				
Center for Holistic Defense Technical Assistance	16	UNKNOWN	<u>20,000</u>	598,471
Passed through City of Reno Police Department:				
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735	10-JAG-23		1,817
JAG Program Cluster:				
Passed through City of Reno:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1445	3,878	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0344	2,068	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0829	43,461	

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011
<u>U.S. Department of Justice (continued):</u>			
JAG Program Cluster (continued):			
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-JAG-32	\$ 9,866
Edward Byrne Memorial Justice Assistance Grant Program	16.738	09-JAG-25	44,223
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10-JAG-25	38,614
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10-JAG-26	70,000
			212,110
Passed through City of Reno:			
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government	16.804	2009-SB-B9-2006	84,790
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	09-ARRA-23	71,178
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	09-ARRA-22	5,024
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	09-ARRA-24	2,581
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	09-ARRA-25	16,645
			95,428
Total JAG Program Cluster			\$ 392,328
Juvenile Accountability Incentive Block Grants (JABG)	16.523	FFY2009 JABG	92,197
Juvenile Justice and Delinquency Prevention-Allocation to States (State Formula Grants)	16.540	2010-JF-FX-0018	65,800
Title V-Delinquency Prevention Program	16.548	2010-JP-FX-004	15,091
Passed through Nevada State Office of the Attorney General:			
ARRA-Violence Against Women Formula Grants	16.588	2009-RAVAW-03	18,487
Passed through Join Together Northern Nevada (JTNN):			
Enforcing Underage Drinking Laws Program	16.727	--	6,851

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011
<u>U.S. Department of Justice (continued):</u>			
Passed through Las Vegas Metropolitan Police Department:			
Missing Children's Assistance	16.543	2008-MC-CX-K002	\$ 35,845
Total U.S. Department of Justice			3,292,890
<u>U.S. Department of Transportation:</u>			
Direct Programs:			
National Highway Transportation Safety Administration (NHTSA)			
Discretionary Safety Grants-Highway Safety Research and Development	20.614	DTNH22-09-G-00004	6,434
Highway Safety Cluster:			
Passed through Nevada Department of Public Safety, Office of Traffic Safety:			
State and Community Highway Safety	20.600	28-K8-18-2	\$ 14,972
State and Community Highway Safety	20.600	21-AL-3	8,158
Program Income	20.600	21-AL-3	24,505
State and Community Highway Safety	20.600	28-K8-18-16	18,054
State and Community Highway Safety	20.600	21-AL-2	13,750
Program Income	20.600	21-AL-2	140,606
State and Community Highway Safety	20.600	210-PT-6	6,182
State and Community Highway Safety	20.600	211-JF-1.22	2,523
			<u>228,750</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	210-JF-1.24	16,184
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	211-JF-1.22	6,131
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	210-406PT-2	2,047
			<u>24,362</u>
Occupant Protection Incentive Grants	20.602	210-JF-1.24	2,330
Occupant Protection Incentive Grants	20.602	211-JF-1.22	6,713
			<u>9,043</u>
Safety Belt Performance Grants	20.609	210-JF-1.24	20,098
Safety Belt Performance Grants	20.609	211-JF-1.22	36,719
			<u>56,817</u>
Total Highway Safety Cluster			318,972

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011
<u>U.S. Department of Transportation (continued):</u>			
Highway Planning and Construction Cluster:			
Passed through Nevada Division of State Parks:			
Recreation Trails Program	20.219	FY2007-12	\$ 20,390
Recreation Trails Program	20.219	2008-26	30,802
Recreation Trails Program	20.219	2010-15	4,500
Recreation Trails Program	20.219	2009-10	7,772
			63,464
Highway Planning and Construction Amount Provided to Subrecipients	20.205	P263-08-802	130,546
Highway Planning and Construction	20.205	PR164-08-805	29,441
Highway Planning and Construction	20.205	PR232-08-063	405,683
Highway Planning and Construction	20.205	PR122-09-063	129,428
Highway Planning and Construction	20.205	PR291-10-063	547,703
Highway Planning and Construction	20.205	PR280-09-063	16,241
			1,259,042
Total Highway Planning and Construction Cluster			\$ 1,322,506
Passed through Nevada State Emergency Response Commission:			
Interagency Hazardous Material Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants (HMEP))	20.703	10-HMEP-16-04	32,511
Interagency Hazardous Material Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants (HMEP))	20.703	10-HMEP-16-05	11,716
Interagency Hazardous Material Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants (HMEP))	20.703	10-HMEP-16-06	1,818
Interagency Hazardous Material Public Sector Training and Planning Grants (Hazardous Materials Emergency Preparedness Training and Planning Grants (HMEP))	20.703	11-HMEP-16-01	6,331
			52,376
Total U.S. Department of Transportation			1,700,288
<u>Department of the Treasury:</u>			
Passed through Nevada Department of Business and Industry Housing Division			
National Foreclosure Mitigation Counseling Program (NFMC)	21	UNKNOWN	90,947
<u>General Services Administration:</u>			
Direct Programs:			
Donation of Federal Surplus Personal Property	39.003	--	23,435

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**WASHOE COUNTY, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	CFDA Number	Project / Pass-through Grantor's Number	Expenditures 2011	
<u>General Services Administration (continued):</u>				
Passed through the Federal Bureau of Investigation				
Donation of Federal Surplus Personal Property	39.003	--	\$ 13,500	\$ <u>36,935</u>
<u>National Foundation on the Arts and the Humanities:</u>				
Passed through Nevada State Library and Archives:				
Grants to States	45.310	2010-18	9,120	
Grants to States	45.310	2009-26	10,074	
Grants to States	45.310	2010-17	25,675	
Grants to States	45.310	2010-21	34,258	
Grants to States	45.310	2010-20-17	<u>3,500</u>	<u>82,627</u>
<u>U.S. Environmental Protection Agency:</u>				
Direct Programs:				
Air Pollution Control Program Support	66.001	A-00905410-1	210,512	
Air Pollution Control Program Support	66.001	A-00905411-0	<u>448,088</u>	658,600
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities				
Relating to the Clean Air Act	66.034	PM-98963101-4	30,028	
In-kind Costs	66.034	PM-98963101-4	38,516	
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities				
Relating to the Clean Air Act				
In-kind Costs	66.034	PM-98963101-5	<u>12,305</u>	80,849
Congressionally Mandated Projects (Congressional Earmarks)				
Congressionally Mandated Projects (Congressional Earmarks)	66.202	XP-96909501-3	2,918	
Congressionally Mandated Projects (Congressional Earmarks)	66.202	XP-00T35201-0	<u>408</u>	3,326
Passed through Nevada Department of Conservation and Natural Resources, Division of Environmental Protection:				
State Public Water System Supervision	66.432	DEP 11-037		94,030
State and Tribal Underground Storage Tanks Program (UST Program)	66.804	DEP 10-001-1		29,995
Leaking Underground Storage Tank Trust Fund Program	66.805	--		<u>75,459</u>
Total U.S. Environmental Protection Agency				<u>942,259</u>
Total Expenditures of Federal Awards				\$ <u>40,702,359</u>

WASHOE COUNTY, NEVADA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

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, is 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:

National School Lunch Program (School Lunch Program [10.555])

Expenditures of \$5,555 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 \$23,273 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.

Swan Lake Restoration (15.UNKNOWN)

Expenditures of \$10,000 for this program represent the dollar value of in-kind services provided by the U.S. Fish and Wildlife Service for mitigation of stream bank erosion.

Holistic Defense for Public Defender Offices (16.UNKNOWN)

Expenditures of \$20,000 for this program represent the dollar value of technical assistance provided by the Center for Holistic Defense at the Bronx Defenders to the Washoe County Public Defenders office.

Donation of Federal Surplus Personal Property (39.003)

Expenditures of \$23,435 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.

Donation of Federal Surplus Personal Property (39.003)

Expenditures of \$13,500 for this program represent the dollar value of items received from the Federal Bureau of Investigation. The value of the items received was determined by the Federal Bureau of Investigation.

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

The expenditures include \$50,821 representing the value of sample analyses obtained at no charge to Washoe County.

WASHOE COUNTY, NEVADA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 4 – PROGRAM INCOME

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

PROGRAM	CFDA NUMBER	AMOUNT
Housing Counseling Assistance Program	14.169	\$ 700
Community Development Block Grants/State's Program	14.228	600
Interest Earned-Federal Drug Forfeiture Program	16.UNKNOWN	10,803
State and Community Highway Safety	20.600	165,111
Special Programs for the Aging Title III, Part B	93.044	26,792
Special Programs for the Aging Title III, Part C	93.045	103,373
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	9,584
Family Planning Services	93.217	81,249
Immunization Grants	93.268	210,842
Child Support Enforcement	93.563	14,730
Foster Care-Title IV-E	93.658	21,429
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	38,603
Total Program Income		\$ 683,816

WASHOE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011.
- 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.
- A significant deficiency, not identified as a material weakness, in the internal control over a major federal award program was disclosed.
- Kafoury, Armstrong & Co. issued an unqualified opinion on compliance for major federal award programs of Washoe County, Nevada.
- An audit finding, relative to a major federal award program for Washoe County, Nevada, which is required to be reported under section .510(a) of OMB Circular A-133 is included on the following pages.
- Washoe County had seven major programs for the year ended June 30, 2011, as follows:

ARRA – Recovery Act of 2009: Wildland Fire Management – CFDA 10.688

Public Safety Interoperable Communications Grant Program – CFDA 11.555

Justice Assistance Grants Cluster:

Edward Byrne Memorial Justice Assistance Grant Program – CFDA 16.738

ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories – CFDA 16.803

ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – CFDA 16.804

Highway Planning and Construction Cluster:

Highway Planning and Construction – CFDA 20.205

Recreational Trails Program – CFDA 20.219

Family Planning - Services – CFDA 93.217

Foster Care – Title IV-E – CFDA 93.658

Homeland Security Cluster:

Homeland Security Grant Program – CFDA 97.067

- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2011 was \$1,221,071.
- Washoe County qualified as a low risk auditee for the year ended June 30, 2011 under the criteria set forth in section .530 of OMB Circular A-133.

Section II – Findings – Financial Statement Audit:

- There were no findings relating to the financial statement audit.

**WASHOE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section III – Findings and Questioned Costs for Federal Awards:

U. S. Department of Transportation; passed through from the Nevada Department of Transportation:

Finding 11-1:

Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreational Trails Program, CFDA 20.219

Grant Award Number: Affects grant award number PR291-10-063 included under CFDA 20.205 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: OMB Circular A-133 prohibits non-Federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

We tested the County's procedures for entering into procurement contracts greater than \$25,000 for this program. The Public Works Department, who administers the grant identified above, relies on the County's Purchasing Department procedures for equipment contracts greater than \$25,000. Those procedures include obtaining a suspension and debarment certification from the entity or checking the Excluded Parties List System to verify that the contracted vendors are not suspended or debarred. Procurement procedures for the equipment purchase tested were performed by a separate governmental entity, and there was no evidence that the County performed procedures to verify the suspension and debarment status of the vendor.

Questioned Cost: None.

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

Effect: Contracts may be awarded to suspended or debarred parties that could result in a liability to the County for unallowable costs.

Cause: In those instances where procurement procedures are performed by another agency, adequate procedures are not in place at the County to verify the suspension and debarment status of vendors.

Recommendation: We recommend the County enhance procedures to verify the suspension and debarment status for vendors participating in all covered transactions.

Management's Response: See management's response on page C - 24.

WASHOE COUNTY

Department of Public Works

"Dedicated to Excellence in Public Service"

Dan St. John, P.E., Public Works Director

1001 East 9th Street PO Box 11130 Reno, Nevada 89520 Telephone: (775) 328-2040 Fax: (775) 328-3699



September 30, 2011

TO: Susan Martinovich, P.E. Director
Attn: Juan Hernandez, E.I., LPA Coordinator
Nevada Department of Transportation

FROM: Trish Dyer, Fiscal Compliance Officer
THROUGH David M. Solaro, Architect, P.E., Acting Public Works Director
Mike Sullens, Purchasing & Contracts Administrator

SUBJECT: Finding 11.1 - Washoe CMAQ Equipment Purchase – Grant Award No. PR291-10-063
Highway Planning and Construction, CFDA 20.205

CRITERIA AND CONDITION

OMB Circular A-133 prohibits non-Federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

During testing of the County's procedures for entering into procurement contracts greater than \$25,000 for this program, the Public Works Department, who administers the grant identified above, relies on the County's Purchasing Department procedures for equipment contracts greater than \$25,000. Those procedures include obtaining a suspension and debarment certification from the entity or checking the Excluded Parties List System to verify that the contracted vendors are not suspended or debarred. Procurement procedures for the equipment purchase tested were performed by a separate governmental entity, and there was no evidence that the County performed procedures to verify the suspension and debarment status of the vendor.

DEPARTMENT RESPONSE

Washoe County Public Works elected to joinder onto a City of Reno contract for the purchase of street sweepers. The City of Reno's bid request #1446 included a clause related to suspension and debarment which was signed by each bidder. Further, the final contract included language certifying the vendor was not presently debarred, suspended, excluded or ineligible to participate in the transaction by any Federal department or agency.

Washoe County Purchasing procedures include attaching a debarment certificate to each new vendor's master file. Further, for purchases utilizing grant funds, a debarment status check is done via an online check at www.epls.gov prior to contract execution. According to the Purchasing and Contracts Administrator, this process may have been overlooked, as no printed

record of the search results was attached to the file. Because the account assignment for the purchase was from a project in the Capital Improvement Fund rather than an Internal Order, Purchasing staff may have not have understood that the source of funding was a grant.

Corrective action is taking place on two levels. First, the Purchasing Department now understands that grant funds may be used for purchases coded to projects and will ensure that a check is done prior to issuance of a purchase order. Second, Public Works will verify that debarment/suspension lists are checked for all contractors and will document this by printing a screen shot of the online epls.gov search results and placing in the contract file.

**WASHOE COUNTY, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Findings and Questioned Costs for Federal Awards:

U.S. Department of Health and Human Services; passed through from the Nevada Division of Child and Family Services:

Finding 10-1:

Foster Care, CFDA 93.658
ARRA Foster Care, CFDA 93.658

Grant Award Number: Affects the grant awards included under CFDA 93.658 on the Schedule of Expenditures of Federal Awards.

Finding Summary: 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.

Each month the County submits a Request for Funds (Request) to the State of Nevada based on the number of days of Foster Care provided to children. During our testing of the Request submitted for the month of February 2010, a footing error was noted in the supporting documents, resulting in an overstatement of expenditures of \$1,015; \$597 of which represented the Federal portion. Additional testing was performed, and a footing error was noted in the supporting documents for the April 2010 Request, resulting in an understatement of Federal expenditures of \$4,618; \$2,717 of which represented the Federal portion.

As the adjustments may be made to either increase or decrease reported expenditures and the related reimbursement, unallowable costs could have been charged to the Federal program.

Review procedures for the Request for Funds supporting documents were not sufficient to identify preparation and formula errors.

Recommendation: We recommend that the County enhance the review procedures related to the Request for Funds supporting documents to ensure only accurate amounts are submitted to the granting agency.

Current Status: Corrective action has been taken. The supervisor reviewing the requests for reimbursements has been counseled on the need to be thorough in her reviews and check every line of the billing.

**WASHOE COUNTY, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Findings and Questioned Costs for Federal Awards (continued):

U. S. Department of Agriculture: passed through from the Nevada Department of Agriculture:

Finding 10-2:

ARRA-Recovery Act of 2009: Wildland Fire Management, CFDA 10.688

Grant Award Number: Potentially affects all grant awards included under CFDA 10.688 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: The OMB Circular A-133 Compliance Supplement states that non-federal entities must follow procedures to minimize the time elapsing between the transfer of funds from the pass-through entity and their disbursement by the recipient.

As part of our audit procedures over cash management, we discussed the cash draw procedures with Regional Parks and Open Space Department personnel who represented that the County made two requests for funds during the fiscal year, and those requests were made for the full amount of the vendor contracts as those contracts were awarded, in order that the funds would be available to pay contract invoices as they were received.

Additional testing supported that OMB Circular A-133 Compliance Supplement guidelines were not followed to ensure that excessive amounts of time had not elapsed between the transfer of funds and the subsequent disbursement of those funds. We noted that an initial draw was made in November 2009 for \$509,881, and a second draw for \$48,000 was made later that month when the County had more than \$462,000 cash remaining on hand from the first draw. Expenditures for the year were \$306,098, indicating that the County drew approximately \$251,000 more than was needed for current year expenditures.

The County was reimbursed for expenses it had not yet incurred, and may have earned interest on the advanced funds.

The County Parks and Open Space Department does not have adequate procedures in place to minimize the time elapsing between the transfer of funds from the pass-through entity and their disbursement.

Auditor's Recommendation: We recommend the County Parks and Open Space Department establish procedures to minimize the time elapsing between the transfer of funds from the pass-through entity and their disbursement.

Current Status: Corrective action has been taken. The department has adopted a more conservative approach for cash draws to minimize the amount of time between transfer of funds and subsequent disbursement of the funds, including shifting from an advance draw based on anticipated expenses to a reimbursement draw procedure.

**WASHOE COUNTY, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Findings and Questioned Costs for Federal Awards (continued):

U. S. Department of Agriculture: passed through from the Nevada Department of Agriculture:

Finding 10-3:

ARRA-Recovery Act of 2009: Wildland Fire Management, CFDA 10.688

Grant Award Number: Potentially affects all grant awards included under CFDA 10.688 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: OMB Circular A-133 prohibits non-Federal entities from contracting with (or making subawards) to parties that are suspended or debarred or whose principals are suspended or debarred. The entity must verify that the contracted entity is not suspended or debarred by checking the Excluded Parties List System, collecting a certification from the entity, or adding a clause or condition to the contract.

We tested the County's procedures for the procurement of the four vendors with whom the County entered into covered contracts for this program. The Regional Parks and Open Space Department, who administer this program, advertised the Request for Qualifications and entered into contract for professional services (independent of the County's Purchasing Department). Although each of the four contracts tested contained an exhibit certifying that they were not a suspended or debarred party, during our testing we found there was evidence to support that only one of the four vendors had signed the certification prior to entering the contract. The Regional Parks and Open Space Department personnel could not provide evidence that they had verified by checking the Excluded Parties List System that the other three contracted parties were not suspended or debarred.

Contracts may be awarded to suspended or debarred parties that could result in a liability to the County for unallowable costs.

Adequate procedures are not in place to ensure that the required suspension and debarment verifications are obtained, a clause related to suspension and debarment is included in the contract, or that the vendor status is checked for all covered vendor transactions.

Auditor's Recommendation: We recommend the County establish policies to ensure the County obtains required certifications from contracted parties for all covered contracts and subawards. Alternatively, we recommend the County add a clause to the standard contract language or maintain evidence that they verify by checking the Excluded Parties List System that vendors are not suspended or debarred.

Current Status: Corrective action has been taken. The department prints screen shots of the Excluded Parties List System to document that contractors are not debarred or suspended. The screen shots are filed with the grant documents.

**WASHOE COUNTY, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Findings and Questioned Costs for Federal Awards (continued):

U. S. Department of Homeland Security; passed through from the Nevada Department of Public Safety Division of Emergency Management:

Finding 10-4:

Homeland Security Cluster:

Homeland Security Grant Program, CFDA 97.067

Grant Award Number: Potentially affects all grant awards included under CFDA 97.067 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: The OMB Circular A-133 Compliance Supplement prohibits non-Federal entities from contracting with (or making subawards) to parties that are suspended or debarred or whose principals are suspended or debarred. The entity must verify that the contracted entity is not suspended or debarred by checking the Excluded Parties List System, collecting a certification from the entity, or adding a clause or condition to the contract.

We tested the County's procedures for the procurement of five vendors with whom the County entered into covered contracts for this program. Of the five contracts tested, two of the contracts did not contain either a clause or certification that they were not a suspended or debarred party, and County personnel could not provide evidence that they had verified by checking the Excluded Parties List System that the contracted vendors were not suspended or debarred.

The Sheriff's Office relies on the County's Purchasing Department procedures for Requests for Qualifications or Bids for contracts greater than \$25,000. In recent years, those procedures were revised to include obtaining a suspension and debarment certification with each new vendor application, but the Purchasing Department does not routinely verify that contractors are not suspended or debarred for each new contract that is entered into with an existing vendor.

The condition noted above appears to be a systemic problem.

Contracts may be awarded to suspended or debarred parties which could result in a liability to the County for unallowable costs.

Adequate procedures are not in place to ensure that the required suspension and debarment certifications are obtained, a clause related to suspension and debarment is included in the contract, or that the vendor status is checked for all covered vendor contracts.

Auditor's Recommendation: We recommend the County establish policies to ensure the County obtains required certifications from contracted parties for all covered contracts and subawards. Alternatively, we recommend the County add a clause to the standard contract language or maintain evidence that they verify by checking the Excluded Parties List System that vendors are not suspended or debarred.

**WASHOE COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Findings and Questioned Costs for Federal Awards (continued):

U. S. Department of Homeland Security; passed through from the Nevada Department of Public Safety
Division of Emergency Management (continued):

Finding 10-4 (continued):

Homeland Security Cluster (continued):

Homeland Security Grant Program, CFDA 97.067 (continued)

Current Status:

Corrective action has been taken. Washoe County Sheriff's Office has re-verified that Washoe County Purchasing checks the Excluded Parties List System and a screen shot is attached in SAP to the purchase order. If the vendor is new a certification is included in the vendor packet that the vendor must sign attesting that they are not on the Excluded Parties List.

WASHOE COUNTY, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

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

U. S. Department of Homeland Security; passed through from the Nevada Department of Public Safety Division of Emergency Management:

Finding 10-5:

Homeland Security Grant Program, CFDA 97.067

Grant Award Number: Affects grant award 97067HL8 included under CFDA 97.067 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: As noted in *OMB Circular A-133*, a pass-through entity is responsible for communicating certain Federal award information to each subrecipient, including informing each subrecipient of the Catalog of Federal Domestic Assistance (CFDA) title and number.

During our audit procedures, it came to our attention that there were 35 emergency shelter trailers purchased by Washoe County with Homeland Security Grant Program funds, and ownership and title for those trailers was passed to various Nevada local governments. The County did not communicate the required information of CFDA title and number, to those subrecipients.

The condition above appears to be a systemic problem.

Subrecipients may be unaware of specific Federal award information and requirements, which could result in noncompliance at the subrecipient level.

Washoe County, Department of Emergency Management does not have adequate procedures in place to ensure subrecipients receiving non-cash Federal awards are notified of all the required information.

Auditor's Recommendation: We recommend Washoe County implement procedures to ensure subrecipients who receive non-cash awards are notified of all of the required information.

Current Status: Corrective action has been taken. Management has implemented procedures to notify subrecipients of type of equipment, cost of equipment, grant award year, name and number, CFDA title and number and applicable project number immediately upon receipt of grant purchased equipment.

**WASHOE COUNTY, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Findings and Questioned Costs for Federal Awards (continued):

U. S. Department of Homeland Security; passed through from the Nevada Department of Public Safety
Division of Emergency Management:

Finding 10-6:

Homeland Security Cluster:

Homeland Security Grant Program, CFDA 97.067

Grant Award Number: Potentially affects all grant awards included under CFDA 97.067 on the Schedule of Expenditures of Federal Awards.

Finding Summary:: The A-102 Common Rule requires that when equipment is acquired under federal awards, equipment records shall be maintained, a physical inventory shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, equipment shall be adequately maintained and equipment shall be identified as having been purchased with Federal funds. It is Washoe County's policy per Objective FA-1.14 and Control ID FA-1.14.1 included in the Washoe County Internal Controls – Overview - FY 2009/2010 document that adequate physical safeguards over equipment are employed by taking physical inventories of assets at the end of each fiscal year and that equipment is tagged to identify it as the property of the County.

During our testing of equipment acquisitions purchased with Federal Homeland Security Grant Program funds, we physically inspected three pieces of equipment purchased during the fiscal year and noted they did not bear asset tags as required by Washoe County's policies and procedures over capital assets. Asset tagging is especially important for this program, as many of the items purchased with the Homeland Security Grant Program funds are maintained at facilities operated by other entities. In addition, we noted that although the items were included on the capital asset listing, they were not included on the asset inventory listing from which the annual inventory is performed.

The condition noted above appears to be a systemic problem.

Equipment purchased with Federal funds, but not identified as such or tagged with a capital asset tag, would be more likely to be misused or inappropriately disposed of, particularly when the asset is housed off site.

Existing policies related to asset safeguarding and recording were not adhered to and assets were not tagged to ensure that they were used for the program for which they were acquired.

Auditor's Recommendation: We recommend that the County reinforce compliance with existing policies related to asset recording and tagging.

**WASHOE COUNTY, NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Findings and Questioned Costs for Federal Awards (continued):

U. S. Department of Homeland Security; passed through from the Nevada Department of Public Safety
Division of Emergency Management (continued):

Finding 10-6 (continued):

Homeland Security Cluster (continued):

Homeland Security Grant Program, CFDA 97.067 (continued):

Current Status:

Corrective action has been taken. Washoe County Sheriff's Office Personnel are now able to issue bar codes in house upon receipt of equipment. Bar codes are printed and affixed, when possible, to all grant assets valued at more than \$5,000. The bar codes insure inclusion of appropriate grant assets on the inventory listing which is used for the performance of the annual physical inventory.

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