



County of Santa Cruz ^{011 27}

AUDITOR-CONTROLLER'S OFFICE

701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 950604073
(831) 454-2500 FAX (831) 454-2660

GARY A. KNUTSON, AUDITOR-CONTROLLER

Chief Deputy Auditor-Controllers
Pam Silbaugh, Accounting
Suzanne Young, Audit and Systems
Kathleen Hammons, Budget and Tax

August 31, 1999

AGENDA: September 21, 1999

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

SUBJECT: AUDIT REPORT ON MEDI-CAL OUTREACH PROGRAM GRANT

Dear Members of the Board:

We have completed an audit of the California Department of Health Services grant to Santa Cruz County for the Medi-Cal Outreach Program as of June 30, 1999. The program grant, which is for the fiscal period of January 1, 1999 through September 30, 1999, is administered by the County's Health Services Agency. The attached audit report is an interim report, required by the California Department of Health. A final audit report will be issued after the conclusion of the grant period.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we perform tests of compliance with provisions of law, contracts and the grant and that we evaluate the internal controls over financial reporting. In the course of our audit, nothing came to our attention that would indicate any lack of compliance or weaknesses in internal control. We have no findings to report and there is no further action required by your Board.

IT IS THEREFORE RECOMMENDED that your Board accept and file this report.

Very truly yours,

GARY A. KNUTSON
Auditor-Controller

GK:SY
Attachment

CC: County Administrative Officer, Health Services Agency
Auditor-Controller

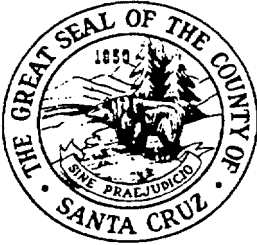
REPORT ON AUDIT OF
CALIFORNIA DEPARTMENT OF HEALTH SERVICES
MEDI-CAL OUTREACH PROGRAM GRANT

FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Auditor-Controller County of Santa Cruz
701 Ocean Street, Santa Cruz, CA 95060
(831) 454-2500 Fax: (831) 454-2660

Table of Contents

	Page
Independent Auditor's Report	
Report on Compliance and Internal Control over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.	3
<u>Financial Statements</u>	
Status of Cash	5
Statement of Approved Budget and Cumulative Expenditures	6
Statement of Costs Claimed, Audited and Questioned Costs	7
Notes to Financial Statements, June 30, 1999	8



County of Santa Cruz

0-1 30

AUDITOR-CONTROLLER'S OFFICE

701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 950604073
(831) 454-2500 FAX (831) 454-2660

GARY A. KNUTSON, AUDITOR-CONTROLLER

Chief Deputy Auditor-Controllers

Pam Silbaugh, Accounting
Suzanne Young, Audit and Systems
Kathleen Hammons, Budget and Tax

Independent Auditor's Report

July 29, 1999

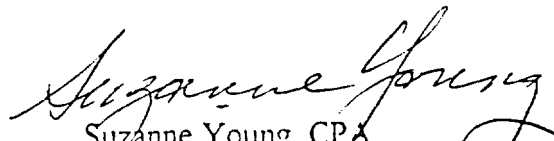
Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

We have audited the accompanying special purpose statement of approved budget and cumulative expenditures, statement of costs claimed, audited and questioned costs, and the related statement of status of cash of the California Department of Health Services grant to Santa Cruz County for the Medi-Cal Outreach Program Grant No. 98-15600, as of June 30, 1999. These schedules are the responsibility of the County of Santa Cruz Department of Health Services Grant management. Our responsibility is to express an opinion on these schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of the County of Santa Cruz Department of Health Services Grant, as of June 30, 1999, and the related statements for the periods then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 1999 on our consideration of the County of Santa Cruz Department of Health Services Grant internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.


Suzanne Young, CPA
Chief Deputy Auditor-Controller

medical
audrpt



County of Santa Cruz 32

AUDITOR-CONTROLLER'S OFFICE
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(831) 454.2500 FAX (831) 454-2660

GARY A. KNUTSON, AUDITOR-CONTROLLER

Chief Deputy Auditor-Controllers
Pam Silbaugh, Accounting
Suzanne Young, Audit and Systems
Kathleen Hammons, Budget and Tax

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

July 29, 1999

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

We have audited the special purpose statements of the California Department of Health Services grant to Santa Cruz County for the Medi-Cal Outreach Program Grant No. 98-15600, as of June 30, 1999, and have issued our report thereon dated July 29, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

C o m p l i a n c e

As part of obtaining reasonable assurance about whether the County of Santa Cruz Department of Health Services grant financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, contracts and grants, 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.

Internal Control Over Financial Reporting

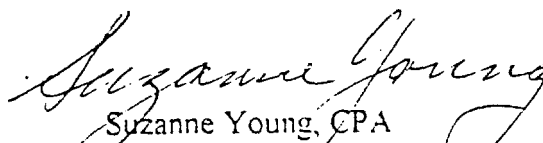
In planning and performing our audit, we considered the County of Santa Cruz Department of Health Services grant internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and do not provide assurance on the internal control over financial reporting.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County of Santa Cruz Department of Health Services grant ability to record,

process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a 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 misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended for the information of management and the Department of Health Services. However, this report is a matter of public record and its distribution is not limited.


Suzanne Young, CPA
Chief Deputy Auditor- Controller

medical
icttr

FINANCIAL STATEMENTS

-

SANTA CRUZ COUNTY
CALIFORNIA DEPARTMENT OF HEALTH
MEDI-CAL OUTREACH PROGRAM GRANT

Status of Cash
June 30, 1999

Grant No. 98-15600

Cummulative Cash Received	\$	0
Grant Funds Claimed but not yet received		<u>41.738</u>
Total Grant Received		0
Expenditures		<u>41.738</u>
Cash on Hand	\$	<u><u>0</u></u>

The notes to the financial statements are an intregal part of this statement.

SANTACRUZ COUNTY
CALIFORNIA DEPARTMENT OF HEALTH SERVICES
MEDI-CAL OUTREACH PROGRAM GRANT

Statement of Approved Budget and Cumulative Expenditures
June 30, 1999

Grant # 98-15600	- Expenditures		
	Budget	Claimed	Balance
Personal Services	\$ 78,828	\$ 33,675	\$ 45,153
Operating Expenses	37,440	402	37,038
Equipment	19,711	7,661	12,050
Indirect Costs	15,109	0	15,109
Total \$	<u>151,088</u>	<u>\$ 41,738</u>	<u>\$ 109,350</u>

The notes to the financial statements are an integral part of this statement.

SANTA CRUZ COUNTY
CALIFORNIA DEPARTMENT OF HEALTH SERVICES
MEDI-CAL OUTREACH PROGRAM GRANT

Statement of Costs Claimed, Audited and Questioned Costs
June 30, 1999

<u>Grant # 98-I 5600</u>	<u>Costs</u>	<u>Audited</u>	<u>Questioned</u>
	<u>Claimed -</u>	<u>costs</u>	<u>costs</u>
Personal Services	\$ 33,675	\$ 33,675	\$ 0
Operating Expenses	402	402	0
Equipment	7,661	7,661	0
Indirect Costs	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u><u>41,738</u></u>	\$ <u><u>41,738</u></u>	\$ <u><u>0</u></u>

audcost.wb2

The notes to the financial statements are an integral part of this statement.

38

SANTA CRUZ COUNTY
CALIFORNIA DEPARTMENT OF HEALTH SERVICES
MEDI-CAL OUTREACH GRANT

Notes to Financial Statements
June 30, 1999

Note 1: Description of Program

The Santa Cruz County Health Services Agency Medical Outreach Program Grant is a State of California, Department of Health Services Grant. The term of this grant is for the period January 1, through September 30, 1999. This interim report covers the period January 1, through June 30, 1999. The \$ 151,088 is a matching fund grant, 90% Federal and 10% County funds. The State dispenses \$135,979 to fund: a 100% FTE Department Administrative Analyst, an Eligibility Worker III and a Mental Health Advocate for 14 pay periods of salary and benefits, and a 14% FTE Typist Clerk III for 11 pay periods of salary and benefits. The State also finances the grant's operating costs and equipment purchases. The County's \$15,109 match is budgeted as indirect costs (overhead).

The purpose of the grant is to provide outreach to targeted low-income individuals who may be eligible for Medi-Cal .

Note 2: Summary of Significant Accounting Policies

The accompanying statements have been prepared on the accrual basis of accounting. The status of cash and statement of approved budget and cumulative expenditures have been prepared from the reports submitted to the California Health Services Department.

Basis of Accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

Revenues and expenditures incurred for the Medi-Cal Grant are recorded on the accrual basis of accounting. Under the accrual basis, revenues and expenditures are recognized when they are incurred.

Note 3: Questioned vs. Disallowed Costs

Questioned costs are those costs which are in excess of the grant budget, require additional support from the grantee or which require an allowability interpretation by the granting agency. Costs questioned result from audit procedures applied on a sample basis and may not represent total costs that may have been questioned if all expenditures had

Note 3: Questioned vs. Disallowed Costs (Continued)

33

been tested. Disallowed costs are those costs in which there is evidence beyond a reasonable doubt that a project is in violation of legislative or regulatory requirements or specific grant conditions.

There were no questioned or disallowed costs.

C:\GLORIA\MEDICAL\nOTES.WPD