



BOARD OF SUPERVISORS

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Director

2012 FEB 28 P 8:41

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February 27, 2012

Board of Supervisors
Stanislaus County
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In August 2011, the Community Services Agency (CSA) received County Fiscal Letter (CFL) No. 11/12-14 from the California Department of Social Services (CDSS) directing those counties identified as Performance Measure Counties (PMCs) that validation of their FNS-209 report for the quarter April through June 2011 be submitted to CDSS by September 30, 2011. Stanislaus County has been identified as a Performance Measure County.

The FNS-209 report is completed quarterly by county welfare departments to document over-issuance claims establishment and collection activity in the CalFresh program. The United States Department of Agriculture (USDA) has conducted reviews of California's reporting and now requires periodic validations by counties of the FNS-209 report in a continuing effort to ensure accuracy.

Attached are the results of the Stanislaus County Community Services Agency FNS-209 validation conducted by Brown Armstrong, Certified Public Accountants; the same accountancy corporation who also conducted the 2011 Single Audit review for Stanislaus County.

Brown Armstrong reports that of the four required accountability tests performed on the FNS-209 report, two were found to have no exceptions as a result of the procedures performed, and two were found to have samples not set up properly within the C-IV eligibility determination system. CSA agreed with the findings and has taken appropriate corrective action, incorporating business practices to avoid future error reoccurrence.

This validation effort recognizes the accuracy of FNS-209 reporting while providing direction for business process improvement. This report is intended solely for the use of the Board of Supervisors, the management of CSA, and any other program oversight agency for the CalFresh program.

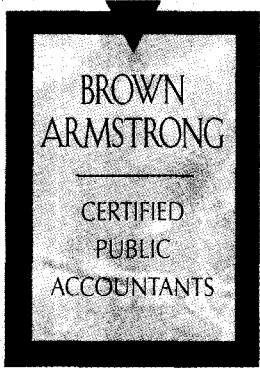
Sincerely,

Christine C. Applegate, Director
Community Services Agency

CA/jn

Enclosure





BROWN ARMSTRONG
Certified Public Accountants

BOARD OF SUPERVISORS
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To the Board of Supervisors
County of Stanislaus, California

We have performed the procedures explained in Schedule A, which were agreed to by the County of Stanislaus (the County), solely to assist you with respect to fulfilling the validation of the FNS-209 report for the quarter ended June 30, 2011. Management is responsible for the County's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings for the County of Stanislaus are listed in Schedule A attached.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such a opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors and management of the County of Stanislaus, the California Department of Social Services, and any other program oversight agency for the Food Stamp Program, and is not intended to be and should not be used by anyone other than those specified parties.

**BROWN ARMSTRONG
ACCOUNTANCY CORPORATION**

A handwritten signature in black ink, appearing to read "Eric H. Xin", is written over the printed name.

By: Eric H. Xin

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Bakersfield, California
October 24, 2011



REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

**COUNTY OF STANISLAUS
FNS-209 VALIDATION
AGREED-UPON PROCEDURES – SCHEDULE A**

Obtained the FNS-209 report for the quarter ended June 30, 2011, and all supporting documentation. In addition, obtained listing of quality control overpayment cases and supporting documents.

See procedures and results listed below:

1. Federal regulations require that all amounts reported on the FNS-209 be reported accurately and can be supported with internal accounting records. Per compliance requirements, we traced lines 3b through 20b of the FNS-209 to the County's internal records.

Results:

We found no exceptions as a result of the procedures performed.

2. Federal regulations require that the beginning or ending balances on the FNS-209 be supported by automated claims managements systems and paper records, i.e., traced to individual cases. Per compliance requirements, we chose to trace the June 30, 2011, ending balance to a complete history of all the claims that made up the ending balance. The supporting data was properly broken down by type of claim, client, and dollar amount.

Results:

We found no exceptions as a result of the procedures performed.

3. Federal regulations require the establishment of an overpayment or ineligible case before the last day of the quarter following the quarter in which the overpayment or ineligibility was discovered. We obtained a listing of all quality control (QC) cases (overpayment and ineligible cases only) for the period (January 2010 through June 2010) and obtained supporting documents for all six QC cases (100% testing) to verify timely establishment of the overpayment claim.

Result:

Two out of the six samples were not properly set up in C-IV. Therefore, there was no Date of Discovery in C-IV and no Date of Establishment to verify the timely establishment of the overpayment.

One out of the six samples had the incorrect Date of Discovery in C-IV. We have also noted the lack of proper documentation to determine the actual Date of Discovery, as the date in C-IV was before the date the individual actually received benefits or the case was reviewed and presented to Management for approval.

Management Response:

The Cal Fresh Coordinator and the QC Supervisor agree that one of the six sample cases had an incorrect Date of Discovery recorded in C-IV and that there was a lack of proper documentation in the file to determine the actual Date of Discovery. In the future the QC supervisor will ensure that each QC 900 has accurate information and is provided to the case manager's supervisor and manager. The Supervisor and Manager will review the information contained on the QC 900 and confirm the case information and findings. Upon confirmation, the Manager and Supervisor will sign the QC 900 and return the form to the QC Supervisor. The QC 900 will be imaged into the case file by the QC Analyst for proper documentation of the Date of Discovery.

4. Federal regulations require that a collection action be established on all overpayment or ineligible claims unless the household in question is paying the claim using benefits from its EBT benefit account. We reviewed supporting documents from the County's claim system to verify if a collection action was initiated for each of the QC case tested in procedure 3 at above.

Result:

Two out of the six samples were not properly set up in C-IV. Therefore, a collection action was not established on these overpayment cases.

Management Response:

The CalFresh Coordinator and the QC Supervisor agree that proper action was not taken on two of the six sample cases and that the County did not take an action to establish an overpayment in either case. As a result, no collection activity occurred. Overpayments have since been established and the County is taking action to collect the benefits. A new process has been established to prevent this type of error from occurring in the future. Within 30 days of the receipt of the signed QC 900, the QC Analyst will review the case to confirm that the QC 900 has been imaged into the case file, that the correct date of discovery is recorded in the case file, and that appropriate action was taken by the case manager, i.e. issuance of an underpayment or the establishment of an overpayment and initiation of the collection activity.