



# CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

# FACT SHEET

Date: March 30, 2012

Report: 2011-002

The California State Auditor released the following report today:

## State of California

*Internal Control and State and Federal Compliance Audit Report for the  
Fiscal Year Ended June 30, 2011*

### BACKGROUND

Since 1985 and as mandated in statute, the State Auditor's Office, and its predecessor, has annually conducted California's statewide Single Audit—a combination of the independent audit of the State's financial statements and the independent audit of numerous federal programs administered by California. The federal government requires the Single Audit to be conducted as a condition for California to receive billions of dollars in federal funds each year. From July 1, 2010 through June 30, 2011, California expended \$83.6 billion in federal funds through 400 programs or program clusters—including \$44.7 billion for health and human services programs and \$21.7 billion for workforce and unemployment programs. Funds expended under the American Recovery and Reinvestment Act of 2009 accounted for \$9.5 billion of the total \$83.6 billion expended. We audited 35 major federal programs or program clusters totaling \$78.7 billion, which represents 94 percent of the total amount California expended.

### KEY FINDINGS

For our audit of California's internal controls and compliance with state and federal laws and regulations for the fiscal year ended June 30, 2011, we reviewed the major federal programs or program clusters in 13 state departments. We also followed up on prior-year findings at an additional 7 departments. Below are some key results:

- We identified 54 findings that included:
  - ✓ 52 deficiencies in internal controls, which are those management and program policies, procedures, and guidance that help prevent, detect, or correct noncompliance with federal requirements.
  - ✓ The State did not materially comply with certain requirements for 4 of the 35 federal programs or clusters of programs we audited. Additionally, although we were able to conclude that the State materially complied with requirements for the remaining federal programs we audited, we reported various lesser instances of noncompliance relating to those programs.
- Although many of the current-year findings were reported in the prior year, we confirmed that many prior-year findings are no longer issues. In fact, the number of prior-year findings decreased from more than 80 in last year's audit to 30 for this year, including correcting one statewide issue. The State corrected this statewide issue by preparing its schedule on an expenditure basis as required under U.S. Office of Management and Budget Circular A-133 rather than a cash-receipt basis.

