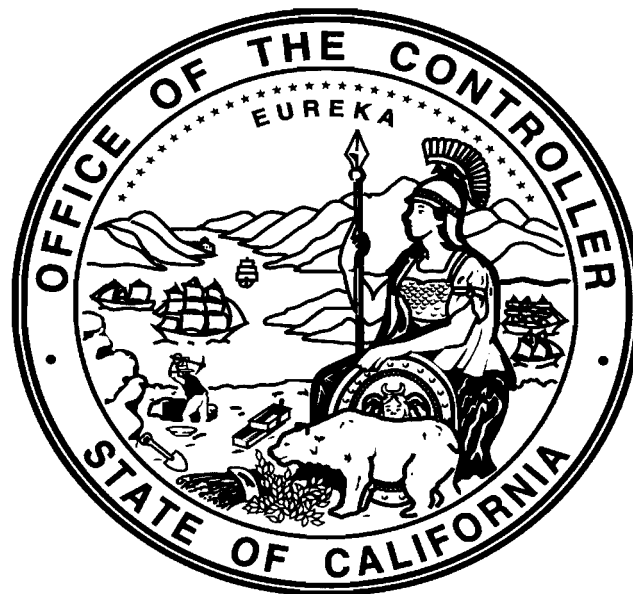


County of Sutter
County Cost Allocation Plan

FIELD REVIEW REPORT



John Chiang
California State Controller

For Fiscal Year Ended June 30, 2011

Field Review Report

Scope

We have reviewed Sutter County's Cost Allocation Plan for the fiscal year 2010-11 in order to determine if it has been prepared in accordance with federal Office of Management and Budget (OMB) Circular A-87 and with supplemental guidance promulgated by the federal Department of Health and Human Services (HHS). Our review consisted principally of inquiries of county personnel and applying analytical procedures to the material used to prepare the cost plan. Our review does not constitute an audit in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on the county's financial statements.

Background

OMB has designated HHS as the cognizant agency for cost allocation under OMB Circular A-87 for all California counties. By special agreement, HHS has delegated to the California State Controller's Office the authority to review, negotiate, and approve the countywide cost allocation plans for California counties. As a part of the approval process, we perform field reviews in order to verify that the data incorporated in county cost plans are adequately supported.

OMB Circular A-87 establishes principles for determining allowable indirect costs incurred by governmental units under grants, cost reimbursement contracts, and other agreements with the federal government. The circular provides for recognition of central service costs that benefit grant programs. It identifies the major types of costs normally incurred in grant performance and classifies them as allowable or unallowable. It provides for the development of necessary instructions related to the determination of indirect costs and makes it possible for direct costs to be allocated against a federal grant without a transfer of funds between the grantee departments involved. It establishes criteria for direct charges for services and limits the amount of unreserved retained earnings that may be accumulated by internal service funds. In order for a governmental unit to recover the costs of central support services performed outside of a grantee department, a consolidated local government-wide cost allocation plan must be prepared annually.

Conclusion

Based on our review, we approve Sutter County's 2010-11 County Cost Allocation Plan.



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Findings and Recommendations

There were no findings or recommendations.

Comments

Discussion with County Official

The results of this field review were discussed with Robert Stark, Auditor-Controller and Bonnie Briscoe, Cost Plan Coordinator on July 16, 2010. No factual objections were raised.