

**CALIFORNIA STATEWIDE AUTOMATED
WELFARE SYSTEM CONSORTIUM IV,
CALIFORNIA**

MANAGEMENT LETTER

JUNE 30, 2008



March 23, 2009

To the Board of Directors,
and the Management of California Statewide Automated Welfare System Consortium IV
Rancho Cordova, California

Ladies and Gentlemen:

We have audited the basic financial statements of the California Statewide Automated Welfare System Consortium IV (a Joint Power Authority) for the year ended June 30, 2008 and have issued our report thereon dated March 23, 2009. In planning and performing our audit of the basic financial statements of the Authority, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report. During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized below:

CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

LONG TERM DEBT

OBSERVATION

During the process of performing final procedures to properly determine and validate the Authority's Long Term Debt as it relates to the "10% Holdback" on invoices submitted by vendors, it was noted that the "10% Holdback" amount on certain invoices were not properly recorded at year end.

RECOMMENDATION

We recommend that the Authority strengthen its internal control procedures to ensure that at year end the proper liabilities related to the Authority are properly recorded as this will ensure that the Authority has properly recognized and reported all of its liabilities.

MANAGEMENT'S RESPONSE

Concur. The Authority will develop a tracking mechanism to ensure that all invoices requiring a 10% holdback are identified and that the resulting liabilities related to the holdback are properly recorded at year-end.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Authority gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Board of Supervisors, the Authority's management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Varrinell Irvine, Day & Co. LLP

Rancho Cucamonga, California
March 23, 2009