

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION - INTERNAL AUDIT UNIT

**INTERNAL AUDIT REPORT
COUNTYWIDE GRANT MANAGEMENT
FOR THE PERIOD
JULY 1, 2017 TO JANUARY 8, 2021

PERFORMANCE AUDIT**



Audit Committee Submittal Date: 06/07/2021

SUMMARY

Background

Several County of Sacramento departments and offices received various grant funds from Federal, State, and other governments and other agencies. The County departments and offices are required to use the grant funds in accordance with the grant agreements.

The Sacramento Countywide Risk Assessment Study assessed countywide grant management as a high-risk area for the Sacramento County operation. Accordingly, we conducted this performance audit to evaluate the countywide grant management processes and internal controls.

Audit Objective

The objective of this performance audit was to assess if countywide grant management processes and internal controls were adhering to County policies, procedures, and grant agreements.

The scope of this audit will include all county departments and offices' internal control activities, processes, and all fiscal transactions for grant management for the period from July 1, 2017 to January 8, 2021.

Summary

Our procedures performed did not reveal any significant errors or indications of misappropriation of County grant funds. However, we identified instances where grant management can be improved and internal controls can be strengthened. During our audit, we identified three (3) recommendations that would improve the departments and offices' management of countywide grants.



County of Sacramento

June 1, 2021

Sacramento County Audit Committee
County of Sacramento
Sacramento, California

The Sacramento Countywide Risk Assessment Study assessed Sacramento countywide grant management as a high-risk area. Accordingly, we have audited Sacramento countywide grant management processes and related internal controls for the period from July 1, 2017 to January 8, 2021.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objectives of the audit are to assess whether countywide grant management processes and internal controls were adhering to County policies, procedures, and grant agreements.

Management is responsible for the design, implementation, and maintenance of effective internal controls to ensure compliance with grant agreements, Federal and State regulatory requirements, and all applicable laws and regulations.

The scope of our audit included all County departments and offices' (County Departments) grant activities and internal control processes from July 1, 2017 to January 8, 2021.

The audit methodology utilized to conduct this performance audit included:

Survey:

- We sent a questionnaire to 32 County Departments to gather information about their grant management policies and procedures and identified County Departments with grant funding. Based on the results of the questionnaires, we identified 19 out of the 32 County Departments have received grant funds during the time period under examination. Based on the surveys received, a total of 327 grants were awarded to the County Departments totaling over \$1.7 billion from Federal, State, other governments, and other agencies.

Sampling:

- We haphazardly selected nine (9) out of 19 County Departments that received grant funds to test their grant management control, process, and compliance.
 - Child, Family, and Adult Services
 - District Attorney
 - Emergency Services
 - Health Services
 - Human Assistance
 - Probation
 - Sheriff
 - Transportation
 - Water Resources

Internal Control Review:

- We reviewed the nine (9) selected County Departments' grant management control environment and identified key processes and controls including processes and controls for grant award process, invoice payment/claim submission, compliance, and subrecipient monitoring.

Document Review:

- We reviewed the following documents:
 - County Departments' internally developed grant policy and procedures
 - County Departments' grant award letters, agreements, and related documents
 - Section 200 of Title 2 Code of Federal Regulation (2 CFR) – (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) (a.k.a. Uniform Grant Guidance) for Federal grant awards
 - Laws and regulations related to the County Departments' grant agreements

Testing:

- We performed the testing procedures as described below for a total of 17 grant awards from the nine (9) County Departments.
 - Tested the grant award process including preaward application and closeout process

- Tested specific compliance requirements listed within the grant agreements
- Tested a sample of County Departments' invoice claims submitted to grantors to verify their compliance with grant agreements, proper approval, adequate maintenance of supporting documentation, and proper recording in the County's general ledger system (a.k.a COMPASS).

In connection with this audit, there are certain disclosures that are necessary pursuant to *Generally Accepted Government Auditing Standards*.

As required by various statutes within the California Government Code, County Auditor-Controllers or Directors of Finance are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair *Generally Accepted Government Auditing Standards'* independence standards. Specifically, "auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant/material to the subject matter of the audit."

Although the Director of Finance is statutorily obligated to maintain the accounts of departments, districts or funds that are held in the County Treasury, we believe that the following safeguard and division of responsibility exist. The staff that has the responsibility to perform audits within the Auditor-Controller Division has no other responsibility of the accounts and records being audited including the approval or posting of financial transactions that would therefore enable the reader of this report to rely on the information contained herein.

Based on our audit, except for several exceptions reported in the Attachment I, *Schedule of Findings and Recommendations*, we are not aware of other exceptions regarding to countywide grant management.

Management responses to the findings identified during our audit are described in Attachment I, *Schedule of Findings and Recommendations*. We did not perform procedures to validate the management responses to the findings and, accordingly, we do not express opinions on the responses to the findings.

Sacramento County Audit Committee
June 1, 2021

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, and Sacramento County Executive, and should not be used for any other purpose. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



By: Hong Lun (Andy) Yu, CPA
Audit Manager

Attachment I, *Schedule of Findings and Recommendations*

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

1. Countywide Grant Policies and Procedures

Comment

We sent a survey to 32 County Departments and Offices (County Departments) inquiring about each department's grant management processes and procedures. A total of 19 out of the 32 County Departments reported that they receive grant awards. Based on survey responses, we noted that not all County Departments have written policies and procedures for grant management. As described in Table 1 below, 10 out of 19 County Departments reported that they have completed written policies and procedures manual (PPM) for grant management, four (4) departments reported partial PPM, and five (5) County Departments reported no PPM.

Table 1: Summary of Written PPM as Reported by 19 County Departments

Department/Office	Completed PPM*	Partial PPM	No PPM	Notes:
Airports	√			
Child, Family, and Adult Services		√		
Child Support Services		√		
Clerk of the Board			√	
Coroner			√	
District Attorney	√			
Economic Development			√	County's Department of Finance Fiscal Services Policy
Emergency Services	√			
Environmental Management **	√			County Policy and Grant Agency Policy
Health Services	√			
Human Assistance		√		
Probation	√			
Public Defender **	√			Grantor's Guide
Regional Parks			√	
Sheriff	√			
Transportation		√		Grantor's Policies and Procedures
Voter Registration and Elections **	√			California State Administrative Manual
Waste Management and Recycling			√	
Water Resources	√			
<p>* Completed PPM – Department or office reported having PPM for application for grant awards, grant claim preparation, monitoring grant awards, subrecipient monitoring (if applicable), and closeout of grant award.</p> <p>** The department reported that it has completed PPM and indicated on the survey response that its PPM used is the County's PPM and/or grantor's PPM.</p>				

We selected a total of nine (9) County Departments for further review. Based on further review, we noted that their grant management policies and procedures varied in process documented and level of detail. See a summary of documented and undocumented grant management processes for the nine (9) County Departments in Table 2 on next page.

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

Table 2: Documented and Undocumented Grant Management Process

Department/Office	Documented Process	Undocumented Process
Child, Family, and Adult Services	<ul style="list-style-type: none"> • Claim Preparation (specific to one grant award) • Subrecipient Monitoring 	<ul style="list-style-type: none"> • Application Process • Claim Preparation (general PPM for other grants) • Closeout
District Attorney	<ul style="list-style-type: none"> • Application Process • Claim Preparation • Subrecipient Monitoring • Closeout <p>Other*:</p> <ul style="list-style-type: none"> • Reporting and Audit • Cash Management • Federal Financial Reporting and Reconciliation Procedures 	
Emergency Services	<ul style="list-style-type: none"> • Application Process (specific to one grant award) • Claim Preparation and Closeout – Refer to California Office of Emergency Services' Subrecipient Handbook (specific to one grant award) • Subrecipient Monitoring <p>Other*:</p> <ul style="list-style-type: none"> • Cash Management • Record Retention Policy 	<ul style="list-style-type: none"> • Application Process (general PPM for other grants) • Claim Preparation (other grants) • Closeout (other grants)
Health Services	<ul style="list-style-type: none"> • Application Process • Claim Preparation • Subrecipient Monitoring • Closeout <p>Other*:</p> <ul style="list-style-type: none"> • Contract Process • Claim Processing Manual (payment and reconciliation process for invoice from service provider). • Grant specific instructions (reporting and audit requirements) 	
Human Assistance	<ul style="list-style-type: none"> • Claim Preparation • Cash Management • Subrecipient Monitoring • Closeout 	Application Process

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

Table 2 (continue): Documented and Undocumented Grant Management Process

Department/Office	Documented Process	Undocumented Process
Probation	<ul style="list-style-type: none"> • Application Process • Claim Preparation • Subrecipient Monitoring • Closeout <p>Other*:</p> <ul style="list-style-type: none"> • Financial Reconciliation (General Ledger to Federal Financial Report) and Single Audit. 	
Sheriff	<ul style="list-style-type: none"> • Application Process • Claim Preparation • Subrecipient Monitoring • Closeout <p>Other*:</p> <ul style="list-style-type: none"> • Cash Management 	
Transportation	<ul style="list-style-type: none"> • Claim Preparation • Closeout 	<ul style="list-style-type: none"> • Application Process
Water Resources	<ul style="list-style-type: none"> • Application Process • Claim Preparation • Closeout <p>Other*:</p> <ul style="list-style-type: none"> • Contract Monitoring 	
<p>* Process documented under "Other" may be specific to a department or a grant. The process may be included as a section within general grant management PPM or as a separate PPM.</p>		

The County of Sacramento’s grant management process is decentralized and it does not have standardized policies and procedures for grant management. The County Departments are responsible for all tasks related to grant management for the grants awarded to them. Accordingly, each department and office determine and establish its own policies and procedures for grant management that support its compliance with grant agreements, Federal and State regulatory requirements, and all applicable laws and regulations. While variation in County Departments’ policies may be reasonable due to the nature of operation for some County Departments and grant specific requirements, the County may benefit from having standardized policies and procedures for the management and oversight of grants awarded to County of Sacramento. This may prove to be useful for the County Departments that do not have written policies and procedures for grant management. The following are examples of how some PPM varies by County Departments:

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

Application Process

As summarized in Table 2, four (4) out of nine (9) County Departments did not have written policies and procedures for general grant application process including instructions to obtain approval from the Board of Supervisors (BOS) prior to applying and accepting grant awards.

Per Sacramento County Code 2.61.090 Revenue Applications, Plans, and/or Agreements subsection (A), “[*County Departments*] are authorized to execute contracts for receipt of revenues by the County, provided that the Board of Supervisors has previously authorized the programs or projects.” Additionally, subsection (B)(3), states that “*the officers...or their designees, are not authorized to execute any contract for the receipt of revenues if such contract requires the expenditure of funds in addition to the revenues to be received.*” Therefore, BOS’ approval is required for accepting grant awards.

Written policies and procedures for the grant application process should guide County staff through the process of identifying grant opportunities, assessing whether the department or office has the capacity to fulfill grant requirements, grant application preparation, review and approval process for grant application at the departmental level and approval from BOS to apply as required by the Sacramento County Code.

Cash Management Procedures

§ 200.302 of Title 2 Code of Federal Regulation (2 CFR) – (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) (a.k.a. Uniform Grant Guidance) requires that the Federal grantee must provide “*written procedures to implement the requirements of § 200.305 – Federal Payment.*” We noted District Attorney, Emergency Services, Human Assistance and Sheriff included detailed written procedures for cash management. However, Probation indicated in its grant management procedures that Probation complies with Federal cash management regulations but do not include specific cash management procedures. Therefore, the level of detail for the written cash management procedures lack consistency between County Departments.

Reconciliation Procedures

District Attorney and Probations’ PPM included detailed instructions to reconcile financial information (general ledger details) to federal financial reports submitted to grantors. Other departments included reconciliation as a one-step procedure under the claim preparation process. Therefore, the level of detail for reconciliation procedures lack consistency between County Departments.

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

The difference in the level of detail documented in the PPM for cash management and reconciliation may impact department staff's ability to complete required tasks if there were no training specific to cash management and reconciliation procedures separately provided.

Recommendation

The County should consider establishing standardized policies and procedures for management and oversight of countywide grant awards by consolidating all departments' and offices' PPM. We recommend that the County Departments that have no written PPM consider developing its own PPM for grant management.

Management Response

The County grants process are decentralized, and departments are responsible for revenue/expenditure tracking and reporting. The County has a Federal Awards Policy for financial management of federal funding. This policy will be reviewed and analyzed to determine whether to expand the policy to include State funding and to address multi-department grants. In addition, the policy will be communicated to County departments.

2. Compliance and Expenditure Testing

Comment

We selected a sample of 17 grants to test compliance spanning seven (7) County Departments (District Attorney, Emergency Services, Health Services, Probation, Sheriff, Transportation, and Water Resources). We noted the following issues:

A. Compliance with Requirements on Grant Agreement

We noted two (2) instances of non-compliance with the Short Doyle/Medi-Cal grant. The grant agreement required Health Services to submit a program specific audit report on an annual basis to the grantor. We noted that Health Services has not submitted the required audit report to the grantor. Additionally, the grant agreement required Health Services to submit a year-end cost report no later than December 31 following the close of each fiscal year to the grantor. We noted that Health Services has not submitted the required cost report by the due date to the grantor.

Issues noted above result in non-compliance with grant agreement.

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

B. Claim Expenditures

We selected a sample of expenditures from 12 grants managed by five (5) County Departments (District Attorney, Emergency Services, Health Services, Probation, and Sheriff) for expenditure testing.

Documented below are the issues identified from our review:

i. Late Invoice Payment and Accrual Issue

We noted one (1) fiscal year (FY) 2018 invoice in the amount of \$70 from Health Services' Short Doyle/Medi-Cal grant was paid five (5) months past due in FY2019. Additionally, this transaction was not accrued in FY2018 and was recorded as a prior year expenditure in FY2019.

Late invoice payment results in non-compliance with Uniform Grant Guidance and Health Services' PPM on timely payments to its contractors.

ii. Disallowed Costs

We noted Sheriff included pension obligation bond (POB) accounts in expenditure claimed for two grants: FY2016 Homeland Security Grants Program (HSGP) and FY2017 HSGP. The inclusion of POB accounts on grant award claims were disallowed in a prior compliance audit conducted by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) for the Port of Security Grant Program (PSGP). FEMA is also the grantor for HSGP. As such, it appears that the POB costs of \$14,316 in expenditure claimed in FY2018 under FY2016 HSGP and \$43,497 in expenditure claimed in FY2019 under FY2017 HSGP may be disallowed costs.

Inclusion of disallowed costs on expenditure claimed could result in a denial of claim request or need to return reimbursed funds to the grantor.

iii. Expenditure Classification

We noted that the supporting documents for three (3) Sheriff grants' expenditure claims included payroll taxes expenditures posted to Sacramento County Financial System (a.k.a. COMPASS) for Old Age, Survivors, Disability, and Health Insurance (OASDHI) without associated wages and salaries

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

expenditures. OASDI expenditures documented in the claims included \$3,949 (Residential Substance Abuse Treatment “RSAT” FY2018), \$2,215 (RSAT FY2019), and \$127,821 (Central Valley California High Intensity Drug Trafficking Area FY2018 and FY2019). The payroll taxes expenditures posted to COMPASS for these grants did not include any salaries and wages expenditures but included Other Professional Services for expenditures.

Using OASDHI expenditures with no associated salaries and wages as supporting document for claims may cause grantors to deny claim submissions.

Recommendation

2A: The County Departments should comply with the grant agreement’s program specific audit report requirement. If the department cannot submit the required report, it should obtain an exemption notice or request to remove the grant agreement’s requirement from the grantor. Extension to submit required reports to grantors should be requested and continue to be requested if unable to meet the extended deadline.

2Bi: We recommend timely payment of invoice claim and proper accrual of expenditure.

2Bii: We recommend excluding POB costs from expenditure claimed on grants provided by FEMA unless the grantor provided permission to do so.

2Biii: We recommend reconciliation of COMPASS record to grant expenditures claimed for accurate record keeping purposes.

Management Response (Health Services “DHS”)

2A: DHS concurs with the finding. The level of work to complete audit and cost reports have and continue to be tremendous, requiring coordination and effort not only from DHS, but from each of the providers as well. DHS has historically requested extensions; however, DHS is working diligently to submit reports timely. Nevertheless, DHS will continue to request extensions if and when necessary.

2Bi: DHS concurs with the finding. In this case, the vendor reported that the invoice was never paid. After researching, DHS did not find records indicating receipt of the initial invoice. DHS requested the vendor to resubmit the invoice, and once received, the resubmitted invoice was processed timely.

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

Because DHS was not notified of the outstanding invoice until a much later date, and since the initial invoice was not received within timeframes to accrue for the fiscal year, the expenditure was not accrued.

However, DHS has measures in place to ensure timely processing of invoices received as well as proper accrual of invoices expected and/or received within accrual timeframes.

Management Response (Sheriff)

2Bii: Sacramento County Sheriff's Office (SSO) has discontinued booking POB expenditures to all federal grants as of Fiscal Year 2019/20. All POB-related expenditures were removed from all federal grant cost centers to ensure disallowed cost will not be submitted through the claim process.

2Biii: SSO does not concur with this finding. The payroll taxes posted to the grants were posted correctly through contractor payroll in COMPASS. Contractor payroll is submitted bi-weekly and is posted by the Payment Services Unit in the Department of Finance.

3. Review of Subawards

Comment

We reviewed 11 subaward agreements managed by Sheriff and Emergency Services (seven (7) subaward agreements managed by Sheriff and four (4) subaward agreements managed by Emergency Services). We noted the following issues:

A. Selection Process for Subawards

We noted four (4) Sheriff's subaward agreements were over \$100,000 and were renewed from prior years. We requested but were not able to obtain competitive bidding documentation for awarding these subawards. As such, we do not know whether these awards were awarded through competitive process.

According to the County of Sacramento's Contract Manual, department contracts above \$100,000 require a formal competitive process. The County Contract Manual Section 13.02, Contracts Awarded by Competitive Selection, states, "*Contracts awarded on the basis of a law requiring competitive selection may be modified or amended only if the contract so provides or if so authorized by the law requiring competitive selection. (See Pub. Contract Code § 10366 and Gov. Code § 11010.5.)*"

County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021

Additionally, if competitive process is not used, the department should submit an Exception to Bid request.

Uniform Grant Guidance, 2 CFR § 200.319 (a) states in pertinent part, *“All procurement transactions must be conducted in a manner providing full and open competition ... ”*

A subaward agreement executed without a competitive bidding process would result in non-compliance with the Uniform Grant Guidance, County Policy, Public Contract Code, Government Code, and grant agreements.

B. Suspension and Debarment

Sheriff PPM noted that before a subaward agreement is executed, a search is performed to ensure that the subrecipient has not been debarred or suspended from receiving federal funds. We requested documentation to show completion of this procedure, but the requested documentation was not provided. Sheriff indicated that they perform the search but may not document the outcome.

Uniform Grant Guidance, 2 CFR § 200.214 *“Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.”*

An undocumented search of suspension and debarment may result in non-compliance with the Uniform Grant Guidance and grant agreements should the County need to provide evidence that it reviewed suspension and debarment of subrecipients prior to executing subaward agreements.

C. Components of Federal Award Identification Information

In reviewing Sheriff and Emergency Services’ subaward agreements, we noted that several required federal award identification information were not included in these subaward agreements. Four (4) subaward agreements managed by Sheriff did not have 12 of the required federal award information items included on the executed agreement between County and subrecipient. Sheriff indicated that the grantor did not provide the federal award information on the grant award letters for two grants. As such, the information was not included in three (3) subaward agreements. All four (4) subaward agreements managed by Emergency Services did not have three (3) of the

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

required federal award information items. Refer to Table 3 below for items not included on the subaward agreements for Sheriff and Emergency Services.

Uniform Grant Guidance, 2 CFR § 200.332 (a) request the County to ensure that every subaward is clearly identified to the subrecipient as a federally funded subaward and includes the following information as listed in Table 3 at the time of the subaward and, if any of these data elements change, include the changes in subsequent subaward modifications. When some of this information is not available, the County must provide the best information available to describe the Federal awards and subawards.

Table 3: Federal Award Identification Information

2 CFR §200.332	Requirements for pass-through entities.	Sheriff Department	Office of Emergency Services
(a)(1)	Federal award identification		
(i)	Subrecipient name (which must match the name associated with its unique entity identifier);		
(ii)	Subrecipient's unique entity identifier;	X	X
(iii)	Federal Award Identification Number (FAIN);	X	X
(iv)	Federal Award Date (see the definition of Federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;	X	#
(v)	Subaward Period of Performance Start and End Date;	X	
(vi)	Subaward Budget Period Start and End Date		
(vii)	Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;	X	
(viii)	Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;	X	
(ix)	Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;	X	
(x)	Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);	X	X
(xi)	Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;	X	
(xii)	Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;	X	
(xiii)	Identification of whether the award is R&D; and	X	
(xiv)	Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.	X	
	X denote item missing from subaward agreement. # Information not available to County Office of Emergency Services for inclusion in subaward agreement.		
	Number of Agreements Tested	7	4
	Number of Agreements with Missing Information	4	4

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

Required Federal Award Identification information not included in subaward agreements results in non-compliance with the grant agreement and Uniform Grant Guidance for Federal Awards.

D. Compliance and Special Conditions of Federal Award Programs

We noted four (4) subaward agreements managed by Sheriff did not include applicable compliance requirements and special conditions for the federal award programs in the subaward agreements.

Uniform Grant Guidance, 2 CFR § 200.332 (a)(3) require inclusion of *“any additional requirements that the [County] must impose on its subrecipients in order for the [County] to meet its own responsibility to the Federal awarding agency.”*

We also noted that these four (4) agreements did not include appropriate language providing the grantor with the right to access books and records of subrecipients for audit purpose.

Uniform Grant Guidance, 2 CFR § 200.337 (a) *“the Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts.”*

Compliance requirements and special conditions imposed by grantor not included on subaward agreement result in non-compliance with the grant agreement and Uniform Grant Guidance.

E. Post Award Requirements – Subaward Close Out

We noted that four (4) subaward agreements under Sheriff did not include appropriate terms and conditions concerning close out of subawards.

Uniform Grant Guidance, 2 CFR § 200.332 (a)(6) require the County to include *“appropriate terms and conditions concerning closeout of subaward”* in its contract with subcontractors.

Post award requirements not included in subaward agreements result in non-compliance with the grant agreements and Uniform Grant Guidance.

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

F. Subrecipient's Single Audit Requirements

In reviewing a Sheriff subrecipient's Single Audit report for years ended June 30, 2015, 2016, and 2017 prepared by the subrecipient's independent auditor as required by Uniform Grant Guidance 2 CFR § 200.501, we noted the audit report provided by this subrecipient for year ended June 30, 2016 did not meet the 20% coverage rule in accordance with 2 CFR § 200.518(f).

The above Single Audit report for the subrecipient was not adequately reviewed for compliance with the Uniform Grant Guidance. 2 CFR § 200.332 (b) require Sheriff to "evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring...which may include consideration of such factor as results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F..." To comply with 2 CFR § 200.332 (b), Sheriff performed a subrecipient risk assessment and monitoring visit, which included a review of subrecipient's Single Audit report for year ended June 30, 2016. Monitoring visit report issued by Sheriff did not note an issue related to non-compliance with the percentage coverage rule. Information gathered during the review should be used to assess risk for the subrecipient receiving a subaward and determine level of monitoring required for this subrecipient in FY2018.

The issues identified above results in instances of non-compliance with Uniform Grant Guidance.

Recommendation

3A and 3B: We recommend that the County Departments comply with procurement standards as documented in the County of Sacramento's Contract Manual and the Uniform Grant Guidance in executing subaward agreements using federal funds.

3C, 3D, and 3E: We recommend that County Departments ensure that Federal award information and compliance requirements are identified in the subaward agreements.

3F: We recommend that the County Departments review Single Audit reports submitted by the subrecipients to ensure that these audit reports comply with Single Audit requirements including the percentage of coverage rule.

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

Management Response (Sheriff)

3A: SSO concurs with this recommendation. SSO has updated our internal practices to ensure we comply with competitive process or exception to bid when issuance of a subaward.

3B: SSO grant management policies and procedures for subrecipients were updated on August 21, 2018, to reflect the Uniform Grant Guidance. SSO conducts a SAMs check prior to an issuance of a subaward to comply with 2 CFR part 180 in order to ensure a subrecipient is not debarred from receiving federal funds. There may be some grants prior to Fiscal Year 2018/19 that did not comply with this requirement.

3C: SSO grant management policies and procedures for subawards were updated on August 21, 2018, to reflect the Uniform Grant Guidance. SSO provides all 12 required federal information items in our subawards to comply with 2 CFR 200.332. There may be some grants prior to Fiscal Year 2018/19 that did not comply with this requirement.

3D: SSO grant management policies and procedures for subawards were updated on August 21, 2018, to reflect the Uniform Grant Guidance. SSO provides all 12 required federal information items in our subawards to comply with 2 CFR 200.332. There may be some grants prior to Fiscal Year 2018/19 that did not comply with this requirement.

3E: SSO concurs with this recommendation. SSO has updated internal practices to ensure compliance with 2 CFR 200.332 to include appropriate terms and conditions concerning closeout of subawards.

3F: This particular item is outside of the audit period. Per the letter from the Audit Manager dated April 15, 2021, the period being audited was "July 1, 2017, to January 8, 2021." This particular item occurred prior to those dates. During the audited period, the required percentage coverage rule was met.

Management Response (Emergency Services)

3C: Sacramento County Office of Emergency Services used the contract number to identify each of our subrecipients. Per the 2 CFR 200.332 (ii) we have met the standard required to have a unique entity identifier for each of our subrecipient. We do not see that this federal requirement is specifically asking for the DUNS number as the only unique entity identifier. However, since the County auditor's require that the DUNS number is the only acceptable entity identifier, going forward, we will use the DUNS number to fulfill the County audit preference. Going forward, Sacramento County

**County of Sacramento
Countywide Grant Management
Performance Audit
Schedule of Findings and Recommendations
For the Period from July 1, 2017 to January 8, 2021**

Office of Emergency Services will only use the DUNS number as the subrecipients unique entity identifier.

Sacramento County Office of Emergency Services used just the numbers in the FAIN (2018-0054) to fulfill this requirement in the 2 CFR 200.332 (iii). We left out the letters in order to make it easier for our subrecipients to find. We understand that the County auditors want to see the full FAIN number on our award letters. Going forward, Sacramento County Office of Emergency Services will enter the entire FAIN number to ensure that we meet this requirement.

Going forward, Sacramento County Office of Emergency Services will have the federal award project description as required in 2 CFR 200.332 (x).