

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION – INTERNAL AUDITS UNIT

INTERNAL AUDIT REPORT

FNS-209 REPORT VALIDATION
JUNE 30, 2021

DEPARTMENT OF HUMAN ASSISTANCE



Audit Committee Submittal Date: 10/14/2021

SUMMARY

Background

The County of Sacramento Department of Human Assistance (DHA) submits FNS-209 Report, Status of Claims Against Households Report (FNS-209 Report) to California Department of Social Services (CDSS) every quarter. CDSS requires DHA's FNS-209 Report every quarter ended June 30 be validated by the County of Sacramento, Department of Finance. As such, the Department of Finance performed agreed-upon procedures to validate FNS-209 Report as required by CDSS.

Audit Objective

Perform procedures as required by CDSS to validate FNS-209 Report for the quarter ended June 30, 2021.

Summary

We noted one exception regarding Ending Balances (Line 13) reported on FNS-209 Report as a result of our procedures.

Department of Finance

Ben Lamera,
Director



Auditor-Controller Division

Joyce Renison,
Assistant Auditor-Controller

County of Sacramento

September 14, 2021

Ethan Dye, Acting Director
Department of Human Assistance
1825 Bell Street, Suite 200
Sacramento, CA 95825

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Dear Mr. Dye:

We have performed the procedures enumerated below, which were requested and agreed to by you, solely to assist the Department of Human Assistance (DHA) to validate its FNS-209 Report, Status of Claims Against Households Report (FNS-209 Report) for the quarter ended June 30, 2021, as required by the California Department of Social Services (CDSS). DHA's management is responsible for ensuring the accuracy of the FNS-209 Report and compliance with all applicable federal laws, state statutes, and county ordinances. The sufficiency of the procedures is solely the responsibility of DHA's management. 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. This report is applicable solely to the FNS-209 Report referred above and is not intended to pertain to any other forms, projects, or programs of DHA.

The procedures we performed and our findings are as follows:

- 1) Accountability Test 1 (FNS-209 Information) – We obtained system-generated case level reports that support the data on lines 3b through 20b of the FNS-209 Report for the quarter ended June 30, 2021 from DHA. We verified reports were broken down by type of claim, by client, and by dollar amount, with summary totals for data on lines 3b through 20b for the quarter ended June 30, 2021. We compared system-generated reports' totals to the amounts reported on line 3b through 20b of the FNS-209 Report for the quarter ended June 30, 2021 and determined whether there was a direct data relationship between the actual case records and the data reported on FNS-209 Report. We also verified data reported can be traced to individual cases.

Finding: We did not note any exceptions as a result of our procedures.

- 2) Accountability Test 2 (FNS-209 Balances) – We obtained system-generated case level reports that support the line 13, Ending Balance of the FNS-209 Report for the quarter ended June 30, 2021 from DHA. We verified reports were broken down by type of claim, by client, and by dollar amount, with complete histories of all claims in DHA system. We compared the reports' totals from the system-generated history report to the corresponding ending balances reported on the FNS-209 Report and determined whether there was a direct data relationship between the actual case records and the data reported on FNS-209 Report. We also verified data reported can be traced to individual cases.

Finding: We noted one exception as a result of our procedures. See Attachment I, *Current Comment and Recommendation* and Schedule I, *Schedule of FNS-209 Reporting Differences*.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not perform an audit or examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on DHA's FNS-209 Report, internal control, compliance, amounts presented in the accompanying attachment and schedule, or results of our procedures referred above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the results of our procedures referred to above, and does not extend to DHA's operations as a whole.

DHA's management response to the finding identified during our engagement are described in Attachment I, *Current Comment and Recommendation*. We did not perform procedures to validate DHA's management response to the finding and, accordingly, we do not express an opinion on the response to the finding.

This report is intended solely for the information and use of Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, DHA's management, CDSS, federal agencies, and pass-through entities. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this restriction is not intended to limit distribution of this report, which is a matter of public record.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



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

Attachment I, *Current Comment and Recommendation*
Attachment II, *Current Status of Prior Recommendations*
Schedule I, *Schedule of FNS-209 Reporting Differences*

County of Sacramento
Department of Human Assistance
Review of Form FNS-209, Status of Claims Against Households
Current Comment and Recommendation
For the Quarter Ended June 30, 2021

1. Accountability Test 2 - Differences between System-Generated Case Level Reports

Comment

During our review of Line 13, Ending Balance, of Form FNS-209, Status of Claims Against Households (FNS-209) for the quarter ended June 30, 2021, we noted differences between the FNS-209 and system-generated case level reports. See detail of the differences at Schedule I, *Schedule of FNS-209 Reporting Differences*.

Per Department of Human Assistance (DHA) Management, the ending balance differences were caused by cumulative effect of closing balances of the claims against households in its system not matching with opening balances and case level data for California Department of Social Services' Treasury Offset Program (TOP) not broken down by error types.

Recommendation

We recommend DHA research the cumulative differences between closing and opening balances of the claims against households in its system and make proper adjustments to the next FNS-209 for the quarter ended September 30, 2021. In addition, DHA should develop procedures to prevent any future differences to ensure accurate reporting and compliance of FNS-209.

DHA's Management Response

As noted above, the differences on the FNS-209 report Ending Balance (line 13) are as a result of the following.

1. The cumulative effect of the ongoing issue with the CALWIN system where the Ending balances for one quarter does not match the Beginning balances for the next.
2. Also, the reported Ending Balances will not match the system generated balances because of the new instructions per CFL 15/16-63 to exclude actual Treasury Offset Program (TOP) collections (case level) and include data from the specified TOP cycles for each quarter on line 14 (cash, check, M.O.) of the FNS 209. Because payments have not been received for all the TOP cycles reported or entered in the CALWIN system at time of reporting, the case level data will consequently not match the report.

DHA continues to work with the CALWIN provider to identify reasons for the differences between ending and beginning balances. The differences in number of claims will be adjusted in the September 30, 2021 quarter FNS 209 report. However,

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Review of Form FNS-209, Status of Claims Against Households
Current Comment and Recommendation
For the Quarter Ended June 30, 2021

DHA will not be able to implement the recommendation to adjust TOP cycle balances into the different error types since actual payments have not been received by the County.

DHA will address this issue with CDSS and make adjustments based on CDSS direction.

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Agreed-Upon Procedures
Form FNS-209, Status of Claims Against Households
Current Status of Prior Recommendations
For the Quarter Ended June 30, 2021

Reported on September 27, 2019 for the period April 1, 2019 to June 30, 2019

1. Accountability Test 2 - Differences between System-Generated Case Level Reports

Prior Recommendation

We recommended Department of Human Assistance (DHA) reconcile FNS-209 ending balances to supporting documents before submitting it to California Department of Social Services (CDSS). In addition, DHA should research the causes for the differences and adjust the differences in the next FNS-209 for the quarter ended September 30, 2019. After DHA identifies the causes for the differences, it should develop procedures to prevent any future differences to ensure accurate reporting and compliance of FNS-209.

Current Status

Ending Balances of DHA's FNS-209 for the quarter ended June 30, 2021 are different from DHA's system-generated case level report. See Attachment I, *Current Comment and Recommendation*.

2. Accountability Test 2 - Case Level Detail for CDSS Treasury Offset Program

Prior Recommendation

We recommended DHA perform a second review to verify the accuracy of amounts allocated to the CDSS TOP Cycle reports by claim types.

Current Status

It appears the recommendation has been implemented.

County of Sacramento
 Department of Human Assistance
 Agreed-Upon Procedures
 Form FNS-209, Status of Claims Against Households
 Schedule of FNS-209 Reporting Differences
 For the Quarter that Ended June 30, 2021

	<u>Type of Claims</u>			<u>Total</u>
	<u>Intentional Program Violation (IPV)</u>	<u>Inadvertent Household Error (IHE)</u>	<u>State Agency Administrative Error (AE)</u>	
Number of Claims reported as				
Ending Balances (Line 13)				
System-generated Case Level Reports	2,026	35,241	40,730	77,997
FNS-209	2,036	35,391	41,011	78,438
Differences	<u>(10)</u>	<u>(150)</u>	<u>(281)</u>	<u>(441)</u>
Amount of Claims reported as				
Ending Balances (Line 13)				
System-generated Case Level Reports	\$ 4,687,429	36,143,251	12,584,483	\$ 53,415,163
FNS-209	4,506,791	35,857,856	13,081,336	53,445,983
Differences	<u>\$ 180,638</u>	<u>285,395</u>	<u>(496,853)</u>	<u>\$ (30,820)</u>