

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
June 6, 2017  
“*Communications Received and Filed*”

To: Board of Supervisors  
From: Department of Finance  
Subject: DHA Issues Noted During The Review Of St. John’s Program For Real Change  
Emergency Shelter Agreements Engagement For The Periods Of July 1, 2013 To  
June 30, 2015.

Supervisory  
District(s): All

Contact: Joyce Renison, Assistant Auditor-Controller, 874-7248

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**RECOMMENDATION**

Receive and file the attached agreed upon procedures report, *DHA Issues Noted During The Review Of St. John’s Program For Real Change Emergency Shelter Agreements Engagement For The Periods Of July 1, 2013 To June 30, 2015.*

Respectively submitted,

**Ben Lamera**  
Director of Finance

Attachments

ATT 1 - DHA Issues Noted During the Review of St. John’s Program for Real Change  
Emergency Shelter Agreements Engagement for the Periods of July 1, 2013 to June 30,  
2015.

Agenda Date: June 6, 2017  
ATT 1

**COUNTY OF SACRAMENTO**  
**INTERNAL SERVICES**  
**DEPARTMENT OF FINANCE**  
**AUDITOR-CONTROLLER**

*Inter-Departmental Correspondence*

May 2, 2017

To: Ann Edwards  
Director, Department of Human Assistance

From: Ben Lamera  
Director of Finance

By: Hong Lun (Andy) Yu, C.P.A.  
Audit Manager



Subject: **DEPARTMENT OF HUMAN ASSISTANCE ISSUES NOTED DURING THE REVIEW OF ST. JOHN'S PROGRAM FOR REAL CHANGE EMERGENCY SHELTER SUPPORT SERVICES FOR FAMILIES PROGRAM AGREEMENTS FOR THE PERIODS OF JULY 1, 2013 TO JUNE 30, 2015**

In connection with the agreed upon procedures with the Department of Human Assistance (DHA) for St. John's Program for Real Change (St. John's), we noted issues that are specific to DHA with respect to the oversight of the contractual agreements (Agreements) listed below:

- Emergency Shelter Support Services for Families Program, Agreement Number DHA-CW-60-14 for the period from July 1, 2013 to June 30, 2014
- Emergency Shelter Support Services for Families Program, Agreement Number DHA-CW-60-15 for the period from July 1, 2014 to June 30, 2015

DHA's management is responsible for ensuring that St. John's is in compliance with requirements specified in the above Agreements. The issues that we noted during our procedures are summarized as follows:

1. We noted an issue related to the Housing Support Program (HSP) funding provided to St. John's by DHA in the Agreement Number DHA-CW-60-15. See Attachment I, *Comments and Recommendations*.
2. We noted an issue related to the variances between the amounts of nights reported in St. John's supporting documentation and the amounts of nights paid by DHA. See Attachment I, *Comments and Recommendations* and Schedule I, *Schedule of Claim Invoice Reconciliations*.

This report does not constitute an examination made in accordance with attestation standards established by the American Institute of Certified Public Accountants, and we do not express an opinion on any of the accounts or items reported in this report. This report only relates to issues about DHA's oversight of St. John's Agreements we noted during our agreed-upon procedures engagement. However, we did not perform specific procedures to review DHA's oversight of St. John's Agreements. Had we performed specific procedures to review DHA's oversight of St. John's Agreements, other matters may have come to our attention that would have been reported to you.

This report relates only to DHA's oversight of St. John's Agreements, and does not extend to any of DHA's other operations or programs as a whole.

DHA's management responses to the findings identified during our engagement are described in Attachment I, *Comments and Recommendations*. We did not perform procedures to validate DHA's management responses to the findings and, accordingly, we do not express an opinion on the responses to the findings.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Executive, and DHA's management. 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.

Enclosures

Attachment I: Comments and Recommendations  
Schedule I: Schedule of Claim Reconciliations

COUNTY OF SACRAMENTO  
DEPARTMENT OF HUMAN ASSISTANCE  
ST. JOHN'S PROGRAM FOR REAL CHANGE  
PERIODS OF JULY 1, 2013 TO JUNE 30, 2015

COMMENTS AND RECOMMENDATIONS

**1. Housing Support Program Funding**

Comment

Agreement Number DHA-CW-60-15 (Agreement), covering the fiscal year 2014-15, between the Department of Human Assistance (DHA) and St. John's Program for Real Change (St. John's) provided special funding for housing support program (HSP) services. As it states in the Agreement, "[St. John's] shall be paid \$25,000 annually for housing support program services." The \$25,000 HSP amount was funded by the Federal Temporary Assistance for Needy Families (TANF) grant, Catalog of Federal Domestic Assistance (CFDA) Number 93.558.

In accordance with the United States Office of Management and Budget (OMB) Title 2 Code of Federal Regulations (2 CFR), Part 225, "*Cost Principles for State, Local, and Indian Tribal Governments*," (A.K.A. OMB Circular A-87), Appendix A, *Section A, Purpose and Scopes*:

- "(1) *Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.*
- (2) *Governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award."*

In accordance with OMB Circular A-87, Appendix A, *Section C, Basic Guidelines*:

- "(1) *To be allowable under Federal awards, costs must meet the following general criteria:*
  - a. Conform to any limitations or exclusions set forth in [the] terms and conditions of the Federal award...*
  - b. Be adequately documented."*

During our review, we noted that the Agreement did not include the program objectives, and the terms and conditions of the HSP funding. The Agreement also did not include claim submission and documentation requirements related to HSP funding. As a result, St. John's did not provide any supporting documentation for HSP expenses claimed to DHA.

Without supporting documentation, DHA could not determine if St. John's HSP expenses were for allowable HSP activities.

COUNTY OF SACRAMENTO  
DEPARTMENT OF HUMAN ASSISTANCE  
ST. JOHN'S PROGRAM FOR REAL CHANGE  
PERIODS OF JULY 1, 2013 TO JUNE 30, 2015

COMMENTS AND RECOMMENDATIONS

Recommendation

We recommend DHA to ensure its contractual agreements include proper program objectives, and the terms and conditions of the Federal awards.

DHA's Management Response

DHA has been working on monitoring all contracts and will be making sure that all the contracts include the objectives for the services that the contractor is to provide. For fiscal year (FY) 2016-17 contracts, we implemented the process of reviewing and making changes to the language, when necessary, to fully explain the objectives and the terms and conditions that apply to the Federal awards. In addition, for FY 2016-17, this contract does not include the Housing Support Program funding.

**2. Review of Invoice Claims and Reconciliations**

Comment

St. John's submitted claim invoices for Emergency Shelter Services to DHA each month during the contract periods with supporting documentation. DHA paid St. John's on set amounts per eligible nights.

During our review of Emergency Shelter Services claim invoices, we noted the number of nights reported in St. John's supporting documentation did not agree to any monthly claims paid by DHA. See Schedule I, *Schedule of Claim Reconciliations*.

Although we confirmed DHA's total payments to St. John's did not exceed the annual budgets set by the contractual agreements (See Schedule I, *Schedule of Claim Reconciliations*), it appeared that DHA was not reviewing or reconciling its claim payments to St. John's supporting documentation.

DHA should agree the amount of nights listed in St. John's supporting documentation to the amount being claimed each month. Any differences should be researched and resolved in a timely manner. Claims requested for payment in excess of St. John's supporting documentation should not be paid by DHA. Nights claimed by St. John's to DHA that are less than what is listed in the supporting documentation should be reviewed by DHA and confirmed and documented by St. John's prior to paying the claim.

Recommendation

We recommend DHA review and reconcile St. John's supporting documentation to the amount they are claiming. Any differences should be researched and resolved in a timely manner. We also recommend DHA withhold payment of any nights to St. John's that exceeds the amount listed in their supporting documentation. We further recommend DHA resolve claim amounts that are less than what is listed in the supporting documentation with St. John's prior to paying the claim.

COUNTY OF SACRAMENTO  
DEPARTMENT OF HUMAN ASSISTANCE  
ST. JOHN'S PROGRAM FOR REAL CHANGE  
PERIODS OF JULY 1, 2013 TO JUNE 30, 2015

COMMENTS AND RECOMMENDATIONS

DHA's Management Response

DHA has already implemented many changes in the way invoice claims are processed. Beginning in early 2015, DHA introduced a new process consisting of a more thorough review of the accuracy of the invoice claims and the back-up documentation. DHA will also be adjusting the reporting tool, Homeless Management Information System (HMIS), to capture the data that is necessary to reconcile the invoices accurately. Additionally, DHA has also created and implemented a new internal monitoring process consisting of completing desk reviews and site reviews on a periodical basis of all contractors to make sure that they are meeting their objectives and to make sure the invoice claims are accurately completed and processed. DHA reviews all of the invoice claims and reconciles them on a monthly basis.

County of Sacramento  
 Department of Human Assistance  
 St. John's Program for Real Change  
 Emergency Shelter Support Services for Families Program  
 Fiscal Monitoring Review  
 Schedule of Claim Reconciliations  
 For the Period from July 1, 2013 to June 30, 2014

Claim Month	(A) St. John's Supporting Documentation		(B) St. John's Claimed and DHA Paid		(B) - (A) Difference	
	Number of Nights Reported <sup>(i)</sup>	Amount of Nights Reported <sup>(ii)</sup>	Number of Nights Claimed <sup>(iii)</sup>	Amount of Nights Claimed <sup>(iv)</sup>	Number of Nights <sup>(v)</sup>	Amount <sup>(vi)</sup>
July 2013	573	\$ 111,735	717	\$ 139,815	144	\$ 28,080
August 2013	1,011	197,145	1,017	198,315	6	1,170
September 2013	654	127,530	1,109	216,255	455	88,725
October 2013	605	117,975	570	111,150	(35)	(6,825)
November 2013	362	70,590	473	92,235	111	21,645
December 2013	430	83,850			(430)	(83,850)
January 2014	376	73,320			(376)	(73,320)
February 2014	403	78,585			(403)	(78,585)
March 2014	474	92,430			(474)	(92,430)
April 2014	490	95,550			(490)	(95,550)
May 2014	363	70,785			(363)	(70,785)
June 2014	346	67,470			(346)	(67,470)
<b>Total</b>	<b>6,087</b>	<b>\$ 1,186,965</b>	<b>3,886</b>	<b>\$ 757,770</b>	<b>(2,201)</b>	<b>\$ (429,195)</b>

Annual  
 Budget <sup>(vii)</sup>  
\$ 757,770

- <sup>(i)</sup> St. John's Supporting Documentation - Number of Nights Reported column represents the total number of nights reported from St. John's Program For Real Change's (St. John's) supporting documentation.
- <sup>(ii)</sup> St. John's Supporting Documentation - Amount of Nights Reported column represents the total amounts of nights reported from St. John's supporting documentation. This amount was calculated by multiplying the number of nights reported in Column I by the nightly rate of \$195 set by the fiscal year 2013-14 agreement between July 1, 2013 to June 30, 2014.
- <sup>(iii)</sup> Claimed To and Paid By DHA - Number of Nights Paid column represents the total number of nights claimed by St. John's and paid by the Department of Human Assistance (DHA).
- <sup>(iv)</sup> Claimed To and Paid By DHA - Amount of Nights Paid column represents the total amounts of nights paid to St. John's by DHA.
- <sup>(v)</sup> Difference - Number of Nights column represents the variance between number of nights reported in St. John's supporting documentation and the number of nights paid by DHA. This amount was calculated by subtracting the number of nights reported in Column I from the number of nights claimed in Column III.
- <sup>(vi)</sup> Difference - Amount column represents the variance between the amount of nights reported in St. John's supporting documentation and the amount paid by DHA. This amount was calculated by subtracting the amount of nights reported in Column II from the amount of nights paid by DHA in Column IV.
- <sup>(vii)</sup> Annual Budget column represents the annual amount of \$757,770 budgeted in the contract agreement between DHA and St. John's during the fiscal year 2013-14 for Emergency Shelter Services.

County of Sacramento  
 Department of Human Assistance  
 St. John's Program for Real Change  
 Emergency Shelter Support Services for Families Program  
 Fiscal Monitoring Review  
 Schedule of Claim Reconciliations  
 For the Period from July 1, 2014 to June 30, 2015

**Note:** The amounts listed in the below schedule do not include Housing Support Program (HSP) funding amounts budgeted or paid by DHA, or claimed by St. John's.

Claim Month	(A) St. John's Supporting Documentation		(B) St. John's Claimed and DHA Paid		(B) - (A) Difference	
	Number of Nights Reported <sup>(i)</sup>	Amount of Nights Reported <sup>(ii)</sup>	Number of Nights Claimed <sup>(iii)</sup>	Amount of Nights Claimed <sup>(iv)</sup>	Number of Nights <sup>(v)</sup>	Amount <sup>(vi)</sup>
July 2014	381	\$ 46,863	496	\$ 61,008	115	\$ 14,145
August 2014	374	46,002	496	61,008	122	15,006
September 2014	395	48,585	480	59,040	85	10,455
October 2014	421	51,783	496	61,008	75	9,225
November 2014	496	61,008	480	59,040	(16)	(1,968)
December 2014	481	59,163	496	61,008	15	1,845
January 2015	473	58,179	496	61,008	23	2,829
February 2015	409	50,307	448	55,104	39	4,797
March 2015	546	67,158	496	61,008	(50)	(6,150)
April 2015	440	54,120	480	59,040	40	4,920
May 2015	444	54,612	496	61,008	52	6,396
June 2015	506	62,238	500	61,500	(6)	(738)
<b>Total</b>	<b>5,366</b>	<b>\$ 660,018</b>	<b>5,860</b>	<b>\$ 720,780</b>	<b>494</b>	<b>\$ 60,762</b>

**Annual  
Budget <sup>(vii)</sup>**  
**\$ 720,780**

- <sup>(i)</sup> St. John's Supporting Documentation - Number of Nights Reported column represents the total number of nights reported from St. John's Program For Real Change's (St. John's) supporting documentation.
- <sup>(ii)</sup> St. John's Supporting Documentation - Amount of Nights Reported column represents the total amounts of nights reported from St. John's supporting documentation. This amount was calculated by multiplying the number of nights reported in Column I by the nightly rate of \$123 set by the fiscal year 2014-15 agreement between July 1, 2014 to June 30, 2015.
- <sup>(iii)</sup> Claimed To and Paid By DHA - Number of Nights Paid column represents the total number of nights claimed by St. John's and paid by the Department of Human Assistance (DHA).
- <sup>(iv)</sup> Claimed To and Paid By DHA - Amount of Nights Paid column represents the total amounts of nights paid to St. John's by DHA.
- <sup>(v)</sup> Difference - Number of Nights column represents the variance between number of nights reported in St. John's supporting documentation and the number of nights paid by DHA. This amount was calculated by subtracting the number of nights reported in Column I from the number of nights claimed in Column III.
- <sup>(vi)</sup> Difference - Amount column represents the variance between the amount of nights reported in St. John's supporting documentation and the amount paid by DHA. This amount was calculated by subtracting the amount of nights reported in Column II from the amount of nights paid by DHA in Column IV.
- <sup>(vii)</sup> Annual Budget column represents the annual amount of \$720,780 budgeted in the contract agreement between DHA and St. John's during the fiscal year 2014-15 for Emergency Shelter Services. This amount does not include the additional \$25,000 HSP funds budgeted in the same agreement.

See Inter-Departmental Correspondence on DHA Issues Noted in Connection With Agreed-Upon Procedures