

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
January 24, 2017
“*Communications Received and Filed*” Item

To: Board of Supervisors

From: Department of Finance

Subject: Department Of Health And Human Services Fiscal Monitoring Report Of
Sacramento Area Emergency Housing Center, D.B.A. Next Move, For The Period
Of July 1, 2013 To June 30, 2015

Supervisorial
District: All

Contact: Ben Lamera, Director of Finance, 874-7450

RECOMMENDATION

Receive and file the attached agreed upon procedures report, *Department Of Health And Human Services Fiscal Monitoring Report Of Sacramento Area Emergency Housing Center, D.B.A. Next Move, For The Period Of July 1, 2013 To June 30, 2015*

Respectively submitted,

Ben Lamera
Director of Finance

Attachment 1: Department Of Health and Human Services Fiscal Monitoring Report Of
Sacramento Area Emergency Housing Center, D.B.A. Next Move, For The Period
Of July 1, 2013 To June 30, 2015

Navdeep S. Gill,
County Executive

David Villanueva,
Chief Deputy County Executive

Ben Lamera,
Director of Finance



Internal Services
Department of Finance
Auditor-Controller Division

County of Sacramento

Joyce Renison,
Assistant Auditor-Controller

December 23, 2016

Sherri Z. Heller, Ed. D., Director
Department of Health and Human Services
7001-A East Parkway, Suite 1100
Sacramento, CA 95823

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Dear Dr. Heller:

We have performed the procedures enumerated below, which were requested and were agreed to by you to evaluate Sacramento Area Emergency Housing Center D.B.A. Next Move (Next Move) fiscal compliance as outlined in the contractual agreements (Agreements) for the periods of July 1, 2013, through June 30, 2015:

- Outpatient Treatment and Prevention Services Program, Agreement Number 7206-14-029 for the period of July 1, 2013 to June 30, 2014
- Outpatient Treatment and Prevention Services Program, Agreement Number 7206-15-029 for the period of July 1, 2014 to June 30, 2015

This agreed-upon procedures engagement was conducted to assist the Department of Health and Human Services (DHHS) to assess Next Move's financial condition and comply with Section 200.331 (d) of the Title 2 Code of Federal Regulations (2 CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

DHHS' management is responsible for monitoring Next Move's fiscal compliance of the Agreements in accordance with the Section 200.331 (d) "*Monitor the activities of the subrecipient [Next Move] as necessary to ensure that the subaward [Agreements] is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward [Agreements]....*"

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of DHHS' 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 Agreements referred on the previous page and is not intended to pertain to any other contractual agreements of DHHS.

The procedures we performed for the Agreements and our findings were as follows:

1. Internal Controls – We reviewed Next Move’s internal control policies and procedures including claim submissions, cost allocations, general ledger, and financial report preparation. We also reviewed Next Move’s written procedures for client admission and determining eligibility for participation in Next Move’s Programs. We identified any concerns or issues that require attention.

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

2. Financial Statements – We reviewed Next Move’s audit reports for the six months ended December 31, 2014, fiscal year ended December 31, 2015, and interim financial statements for three months ended March 31, 2016, to identify any concerns or issues that require attention.

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

3. Claim Submission – We obtained and reviewed Next Move’s monthly invoice claims for November 2013, February 2014, December 2014, and January 2015. We selected a sample of a total of fifty transactions from the invoice claims for November 2013, February 2014, December 2014, and January 2015. We traced these transactions to the supporting documentation. We also identified any non-compliance from these transactions.

Finding: We noted an issue related to missing supporting documentation. See Attachment I, *Finding and Recommendation* and Schedule I, *Schedule of Questioned Costs*.

4. Funding Sources – We made inquiries to Next Moves’ management to identify any funding sources other than DHHS for Outpatient Treatment and Prevention Services program. We also reviewed Next Move’s general ledger and invoice claims for November 2013, February 2014, December 2014, and January 2015 to identify any inappropriate or duplicated charges.

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

Sherri Z. Heller, Ed. D., Director

December 23, 2016

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We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on Next Move's financial statements or schedules or compliance for aforementioned agreements. Accordingly, we do not express such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

DHHS' management's response to the finding identified during our engagement is described in Attachment I, *Finding and Recommendation*. We did not perform procedures to validate DHHS' management's 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 the Sacramento County Board of Supervisors, Sacramento County Executive, DHHS' management, Federal awarding 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, C.P.A.
Audit Manager

Enclosures

Attachment I: Finding and Recommendation
Schedule I: Schedule of Questioned Costs

County of Sacramento
Department of Health and Human Services
Sacramento Area Emergency Housing Center D.B.A. Next Move
Fiscal Monitoring Review
Finding and Recommendation
For the period from July 1, 2013, to June 30, 2015

1. Missing Supporting Documentation (SAPT)

Comment

Sacramento Area Emergency Housing Center, D.B.A. Next Move (Next Move) provided Individual and Group Outpatient Counselling (Outpatient) services and Substance Abuse Prevention and Treatment (SAPT) and Outpatient services to homeless and low income adult and youth residents of the County of Sacramento. The Contractual Agreement Number 7206-14-029 (Agreement) between the Department of Health and Human Services (DHHS) and Next Move provided reimbursement for Outpatient and SAPT services based on an hourly or per session rate.

During our review of SAPT invoice claims, we noted that Next Move could not locate its supporting documentation for the fiscal year 2013-14. As such, we could not review any of the respective invoice claims.

Per the Agreement:

"[Next Move] shall retain all records for a minimum of seven (7) years... [Next Move] shall maintain complete financial records that clearly reflect actual costs of staffing, supplies, services and activities as they relate to each type of service for which payment is claimed."

Therefore, Next Move is not in compliance with the Agreement. Accordingly, we consider all SAPT invoice claims submitted to DHHS during the fiscal year 2013-14, totaling \$69,600, as questioned costs.

Recommendation

Next Move should maintain all supporting documentation for invoice claims submitted to DHHS in accordance with the Agreement. Next Move should also contact DHHS to resolve the questioned costs totaling \$69,600.

DHHS' Management's Response

We concur that Next Move should maintain all supporting documentation for invoice claims submitted to DHHS in accordance with the Agreement. The executive management at Next Move acknowledged that the loss of records for fiscal year 2013-14 likely resulted during the program's site transition. This appears to be an isolated incident, and based on our program reviews, we are confident that services were provided to our clients for the period of your review. DHHS does not have a contract with Next Move in the current fiscal year, but will consider all audit and/or review findings prior to awarding for Requests for Proposals (RFP), as is consistent with our current practice.

County of Sacramento
 Department of Health and Human Services
 Sacramento Area Emergency Housing Center D.B.A Next Move
 Fiscal Monitoring Review
 Schedule of Questioned Costs
 For the Period from July 1, 2013 to June 30, 2014

Budget Items	<u>Budget</u> ^(I)	<u>Next Move's Monthly Claims</u> ^(II)	<u>Questioned Costs</u> ^(III)
Outpatient Treatment Services Expenses			
A. Substance Abuse Prevention and Treatment (SAPT) Outpatient Services	\$ 69,600	69,600	69,600
B. CalWORKS Outpatient and Youth Outreach Services	27,500	25,160	
Total Outpatient Treatment Services Expenses	<u>97,100</u>	<u>94,760</u>	<u>69,600</u>
Total Expenses	<u>\$ 97,100</u>	<u>94,760</u>	<u>69,000</u>

^(I) Budget amounts obtained from contractual agreement and amended memorandum.

^(II) Next Move's Monthly Claims column represents total invoice claims submitted to the County of Sacramento, Department of Health and Human Services (DHHS) by Sacramento Area Emergency Housing Center D. B. A. Next Move (Next Move).

^(III) Questioned Costs column represents SAPT Outpatient Services cost claimed for fiscal year 2013-14. See Attachment I, *Findings and Recommendations*.

County of Sacramento
 Department of Health and Human Services
 Sacramento Area Emergency Housing Center D.B.A Next Move
 Fiscal Monitoring Review
 Schedule of Questioned Costs
 For the Period from July 1, 2014 to June 30, 2015

Budget Items	<u>Budget</u> ⁽ⁱ⁾	<u>Next Move's Monthly Claims</u> ⁽ⁱⁱ⁾	<u>Questioned Costs</u>
Outpatient Treatment Services Expenses			
A. Substance Abuse Prevention and Treatment (SAPT) Outpatient Services	\$ 45,240	53,203 ⁽ⁱⁱⁱ⁾	
B. CalWORKS Outpatient and Youth Outreach Services	13,500	2,126	
Total Outpatient Treatment Services Expenses	<u>58,740</u>	<u>55,329</u>	
Total Expenses	<u>\$ 58,740</u>	<u>55,329</u>	

⁽ⁱ⁾ Budget amounts obtained from contractual agreement and amended memorandum.

⁽ⁱⁱ⁾ Next Move's Monthly Claims column represents total invoice claims submitted to the County of Sacramento, Department of Health and Human Services (DHHS) by Sacramento Area Emergency Housing Center D. B. A. Next Move (Next Move).

⁽ⁱⁱⁱ⁾ SAPT budget exceeded \$7,963 in the fiscal year 2014-15. The contractual agreement allows the program budget limits to be modified based on service needs as long as the overall budget of \$58,740 is not exceeded.