

COUNTY OF SACRAMENTO

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

INTERNAL AUDIT REPORT
CHILD ABUSE PREVENTION COUNCIL (CAPC)
FISCAL MONITORING
AGREED-UPON PROCEDURES
DEPARTMENT OF HEALTH SERVICES



Audit Committee Submittal Date: 07/21/2022

SUMMARY

Background

This fiscal monitoring Agreed-Upon Procedures was requested by Department of Health Services (DHS) as Child Abuse Prevention Council (CAPC) was assessed as one of the high risk subrecipients based on DHS' subrecipient risk assessment.

CAPC is a not-for-profit agency and provides training, consulting and capacity building with mission to prevent child abuse and neglect. Internal Audit Unit performed this Agreed-Upon Procedures engagement for the following contracts:

- Fetal Infant Mortality Review
 - Contract No. 7207350-19/20-009 for the period July 1, 2018 to June 30, 2020
- Black Infant Health Program
 - Contract No. 7207350-20/22-028 for the period July 1, 2019 to June 30, 2020
- Local Dental Pilot Project
 - Contract No. 7207500-18/21-279 for the period July 11, 2017 to December 31, 2020

Audit Objective

To assist DHS in assessing CAPC's financial condition and compliance with the agreements between DHS and CAPC, and to verify that monthly invoices submitted by CAPC are accurate and reasonable.

Summary

Based on our agreed-upon procedures performed, we noted exceptions in the areas of CAPC's internal controls, claim submission, and general ledger.

Department of Finance
Ben Lamera
Director



Auditor-Controller Division
Joyce Renison
Assistant Auditor-Controller

County of Sacramento

June 24, 2022

Sandy Damiano, Interim Director
Department of Health Services
County of Sacramento
7001-A East Parkway, Suite 1100
Sacramento, California 95823

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Dear Ms. Damiano:

We have performed the procedures, enumerated below, which were requested and agreed to by your department regarding Child Abuse Prevention Council (CAPC)'s fiscal compliance as outlined in the contractual agreements (Agreements) listed below:

- Fetal Infant Mortality Review
 - Contract No. 7207350-19/20-009 for the period July 1, 2018 to June 30, 2020
- Black Infant Health Program
 - Contract No. 7207350-20/22-028 for the period July 1, 2019 to June 30, 2020
- Local Dental Pilot Project
 - Contract No. 7207500-18/21-279 for the period July 11, 2017 to December 31, 2020

This agreed-upon procedures engagement was conducted to assist the Department of Health Services (DHS) to assess CAPC's financial condition and compliance with the above Agreements.

DHS' management is responsible for monitoring CAPC's compliance with the Agreements' requirements. The sufficiency of the procedures is solely the responsibility of DHS' management. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 2 and 3 of this report 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 above and is not intended to pertain to any other agreements of DHS or CAPC.

The procedures performed and our findings were as follows:

1. Internal Controls - We reviewed CAPC's written internal control policies and procedures including purchasing, vendor payments, payroll, claim submissions, cost allocations, general ledger, and financial report preparation. We also reviewed CAPC's written procedures for clients' admission and release, program eligibility verification, and services provided for its programs listed in the Agreements.

Finding: We noted an exception from our review of CAPC's internal controls. See ATT 5 – *Current Findings and Recommendations*.

2. Financial Statements - We inspected CAPC's financial audit reports for years ended December 31, 2018 and December 31, 2019 to identify any concerns or issues that may require your attention.

Finding: We did not note any exceptions as a result of this procedure.

3. Claim Submissions - We inspected CAPC's monthly invoice claims for March, June, and August of each contract year for each contract under review. We haphazardly selected and tested 15 transactions from these monthly invoice claims regarding payroll costs and tested 10 transactions from these monthly claims regarding non-payroll costs for each of the Agreements.

Finding: We noted errors made on CAPC's invoice claims and unsupported claim expenses. See ATT 5 – *Current Findings and Recommendations*.

4. General Ledger - We traced CAPC's invoice claims to its general ledger and financial records.

Finding: We noted differences from CAPC's invoice claims to its general ledger and financial records. See ATT 5 – *Current Findings and Recommendations*.

5. Cost Allocations - We reviewed CAPC's cost allocation policies and procedures and tested the transactions listed in Item #3 above to identify any issues related to cost allocations.

Finding: We did not note any exceptions as a result of this procedure.

6. Funding Sources - We inspected CAPC's general ledger and invoice claims for March, June, and August of each contract year for each contract under review to identify any inappropriate or duplicated charges.

Sandy Damiano, Interim Director
June 24, 2022
Page 3

Finding: We did not note any exceptions as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 CAPC's financial statements or schedules, internal controls, or compliance with the Agreements. 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.

DHS' management responses to the findings identified during our engagement are described in ATT 5 – *Current Findings and Recommendations*. We did not perform procedures to validate DHS' 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 use of the Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, and DHS' management. It is not intended to be, and should not be, used by anyone other than those 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
Senior Audit Manager

Enclosures:

- ATT 1 – *Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget (Fetal Infant Mortality Review)*
- ATT 2 – *Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget (Black Infant Health Program)*
- ATT 3 – *Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget (Local Dental Pilot Project)*
- ATT 4 – *Summary of Amounts Over/(Under) Claimed, and Over Budget*
- ATT 5 – *Current Findings and Recommendations*.

County of Sacramento
 Department of Health Services (DHS)
 Child Abuse Prevention Council (CAPC) - Fetal Infant Mortality Review
 Fiscal Monitoring Agreed-Upon Procedures
 Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget

Budget Categories	Approved Budget	A Total Claimed Amount	B Claimable Amount in General Ledger ¹	A-B Over Claimed Amount	A-B Under Claimed Amount
<u>For the Period July 1, 2018 to June 30, 2019</u>					
Personnel Expenses					
Staff Salaries	\$ 29,658.85	12,726.98	12,563.84	163.14	
Staff Benefits (15%) ²	4,448.83	2,599.68	1,884.58	715.10	
Total Personnel Expenses	34,107.68	15,326.66	14,448.42	878.24	
Operating Expenses					
Office Space	4,704.42	846.74	899.91		(53.17)
Training/Meeting Room Usage	800.00	800.00	800.00		
Office Supplies	49.92	49.92	49.92		
Postage	10.06	3.76	3.76		
Printing & Copying	99.00	99.00	99.00		
Telephone/Electronic Communication	338.00	198.27	198.27		
Travel/Mileage	100.00				
Total Operating Expenses	6,101.40	1,997.69	2,050.86		(53.17)
Indirect Costs @ 11% ³	4,423.00	1,951.67	1,814.92	136.75	
Total Costs	\$ 44,632.08	19,276.02	18,314.20	1,014.99	(53.17)
<u>For the Period July 1, 2019 to June 30, 2020</u>					
Personnel Expenses					
Staff Salaries	29,658.85	10,148.50	10,148.50		
Staff Benefits (15%) ²	4,448.83	2,045.66	1,522.28	523.38	
Total Personnel Expenses	\$ 34,107.68	12,194.16	11,670.78	523.38	
Operating Expenses					
Office Space	4,054.42	733.00	733.00		
Training/Meeting Room Usage	800.00	386.72	386.72		
Office Supplies	499.92	139.98	139.98		
Postage	10.06	-			
Printing & Copying	99.00	99.00	99.00		
Telephone/Electronic Communication	338.00	202.29	202.29		
Travel/Mileage	100.00	-			
Document Storage of FIMR Documents	200.00	190.37	190.37		
Total Operating Expenses	6,101.40	1,751.36	1,751.36		
Indirect Costs @ 11% ³	4,423.00	1,568.28	1,476.44	91.84	
Total Costs	\$ 44,632.08	15,513.80	14,898.58	615.22	

¹ Claimable Amount in General Ledger represents allowable expenses recorded in CAPC's general ledger up to maximum line item budget.

² Claimable staff benefits are limited to 15% of total salaries.

³ Claimable indirect costs are limited to 11% of total direct program costs.

County of Sacramento
 Department of Health Services (DHS)
 Child Abuse Prevention Council (CAPC) - Black Infant Health Program
 Fiscal Monitoring Agreed-Upon Procedures
 Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget

For the Period July 1, 2019 to June 30, 2020

Budget Categories	Approved Budget	A Total Claimed Amount	B Claimable Amount in General Ledger ¹	A-B Over Claimed Amount
Personnel Expenses				
Admin Staff Salaries	\$ 203,460.00	108,069.34	108,069.34	
Admin Staff Benefit (25%) ²	50,865.00	23,891.59	23,891.59	
Total Personnel Expenses	254,325.00	131,960.93	131,960.93	
Operating Expenses				
Office Space/Utilities	12,300.00	12,300.00	12,300.00	
Telephone/Electronic Comm.	3,178.00	2,079.52	2,079.52	
Printing & Copying	2,632.00	701.08	701.08	
Office Supplies	390.00	390.00	390.00	
Training Room Usage	1,920.00	670.24	670.24	
Travel	2,070.00	1,102.49	1,102.49	
Staff Training	600.00			
Conference/Training Travel	1,616.00			
Other Costs				
Client Support Materials	7,412.00	5,340.94	5,340.94	
Transportation for Families	13,000.00			
Website	3,655.00	38.85	38.85	
Child Watch	28,840.00			
Total Operating Expenses	77,613.00	22,623.12	22,623.12	
Indirect Costs @ 13% of Personnel Expenses ³	33,062.00	17,154.91	15,040.80	2,114.11
Total Costs	\$ 365,000.00	171,738.96	169,624.85	2,114.11

¹ Claimable Amount in General Ledger represents allowable expenses recorded in CAPC's general ledger up to maximum line item budget.

² Claimable admin staff benefits are limited to 25% of total salaries.

³ Claimable indirect costs are limited to 13% of total personnel expenses.

County of Sacramento
 Department of Health Services (DHS)
 Child Abuse Prevention Council (CAPC) - Local Dental Pilot Project
 Fiscal Monitoring Agreed-Upon Procedures
 Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget

For the Period July 11, 2017 to December 31, 2017

Budget Categories	Approved Budget	Total Claimed Amount	Claimable Amount in General Ledger ¹
Personnel Expenses			
Health Educator	\$ 24,500.00		
Health Educator	24,500.00		
Contracts Specialist	1,662.00		
Staff Accountant	1,210.00		
Online Training Specialist	6,801.00		
Instructional Design Program Manager	8,751.00		
Chief Program Officer	3,870.00		
Program Support	6,001.00		
Program Support	2,000.00	1,771.20	
Project Manager	1,269.00		
Project Manager	1,269.00		
Dental Project Manager	25,000.00	6,531.58	
Training Manager	2,856.00	2,832.90	
Total Salaries	109,689.00	11,135.68	11,135.68
Fringe Benefits (16%) ²	17,550.00	1,781.71	1,781.71
Total Personnel Expenses	127,239.00	12,917.39	12,917.39
Operating Expenses			
Communications	2,750.00		
Office Supplies	2,900.00		
Computer & AV Equipment	1,627.00		
Printing	2,119.00		
Postage	600.00		
Total Operating Expenses	9,996.00		
Mileage (\$0.575 per Mile)			
Staff Mileage	1,736.00		
Total Mileage	1,736.00		
Subcontracts			
Folsom Cordova Community Partnership	5,000.00		
La Familia Counseling Center	5,000.00		
Mutual Assistance Network of Del Paso Heights	10,000.00		
River Oak Center for Children	5,000.00		
Sacramento Children's Home	15,000.00		
WellSpace Health	5,000.00		
Total Subcontracts	45,000.00		
Indirect Costs @ 20% of Total Salaries (Excluding Fringe Benefits) ³	21,938.00	2,227.14	2,227.14
Total Costs	\$ 205,909.00	15,144.53	15,144.53

¹ Claimable Amount in General Ledger represents allowable expenses recorded in CAPC's general ledger up to maximum line item budget.

² Claimable fringe benefits are limited to 16% of total salaries.

³ Claimable indirect costs are limited to 20% of total salaries excluding fringe benefits.

County of Sacramento
 Department of Health Services (DHS)
 Child Abuse Prevention Council (CAPC) - Local Dental Pilot Project
 Fiscal Monitoring Agreed-Upon Procedures
 Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget

For the Period January 1, 2018 to December 31, 2018

Budget Categories	A Approved Budget	B Total Claimed Amount	C Claimable Amount in General Ledger ¹	B-C Under Claimed Amount	B-A Amount Claimed Over Budget ⁴
Personnel Expenses					
Health Educator \$	50,470.00	523.20			
Health Educator	50,470.00	1,584.44			
Contracts Specialist	5,707.00	107.87			
Staff Accountant	4,153.00				
Online Training Specialist	14,010.00				
Instructional Design Program Manager	18,027.00	18,688.06			661.06
Chief Program Officer	13,287.00	3,126.86			
Program Coordinator (Program Support)	20,604.00	1,983.29			
Program Support	8,242.00	5,361.15			
Project Manager	7,840.50	2,469.60			
Project Manager	7,840.50				
Dental Project Manager	51,500.00	4,817.84			
Training Manager	11,031.00				
Director	15,000.00				
Total Salaries	278,182.00	38,662.31	39,145.02	(482.71)	661.06
Fringe Benefits (19%) ²	52,855.00	5,986.10	6,928.28	(942.18)	
Total Personnel Expenses	331,037.00	44,648.41	46,073.30	(1,424.89)	661.06
Operating Expenses					
Communications	3,188.00	387.92	461.33	(73.41)	
Office Supplies	14,500.00		600.49	(600.49)	
Printing	8,400.00				
Postage	601.00				
Computer & AV Equipment	3,700.00				
Total Operating Expenses	30,389.00	387.92	1,061.82	(673.90)	
Mileage (\$0.575 per Mile)					
Staff Mileage	3,308.00				
AC Member Mileage	9,327.00				
Total Mileage	12,635.00				
Subcontracts					
Folsom Cordova Community Partnership	17,500.00				
La Familia Counseling Center	17,500.00				
Mutual Assistance Network of Del Paso Heights	29,500.00				
River Oak Center for Children	17,500.00				
Sacramento Children's Home	41,500.00				
WellSpace Health	17,500.00				
Total Subcontracts	141,000.00				
Indirect Costs @ 20% of Total Salaries (Excluding Fringe Benefits) ³	55,636.00	7,732.44	7,829.00	(96.56)	
Total Costs	\$ 570,697.00	52,768.77	54,964.12	(2,195.35)	661.06

¹ Claimable Amount in General Ledger represents allowable expenses recorded in CAPC's general ledger up to maximum line item budget.

² Claimable fringe benefits are limited to 19% of total salaries.

³ Claimable indirect costs are limited to 20% of total salaries excluding fringe benefits.

⁴ Amount Claimed Over Budget represent claimed amount exceeding maximum line item budget.

County of Sacramento
 Department of Health Services (DHS)
 Child Abuse Prevention Council (CAPC) - Local Dental Pilot Project
 Fiscal Monitoring Agreed-Upon Procedures
 Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget

For the Period January 1, 2019 to December 31, 2019

Budget Categories	Approved Budget	A Total Claimed Amount	B Claimable Amount in General Ledger ¹	A-B Over Claimed Amount	A-B Under Claimed Amount
Personnel Expenses					
Health Educator	\$ 51,479.50	9,729.31			
Health Educator	51,479.50	14,769.19			
Contracts Specialist	4,657.00	1,472.98			
Staff Accountant	3,388.00				
Online Training Specialist	28,545.00	15,014.24			
Chief Program Officer	13,577.00	3,014.59			
Program Support	12,610.00	2,458.47			
Program Support	10,901.00	235.48			
Project Manager	2,666.00	2,666.00			
Project Manager	2,666.00	2,666.00			
Dental Project Manager	47,250.00	23,565.69			
Director	16,500.00				
Total Salaries	245,719.00	75,591.95	76,685.56		(1,093.61)
Fringe Benefits (18.5%) ²	45,458.00	13,652.12	14,186.83		(534.71)
Total Personnel Expenses	291,177.00	89,244.07	90,872.39		(1,628.32)
Operating Expenses					
Communications	2,750.00	1,603.03	1,603.03		
Office Supplies	2,900.00	920.76	1,082.37		(161.61)
Computer & AV Equipment	32,056.00	9,982.81	9,982.81		
Printing	2,119.00	652.44	652.44		
Postage	509.00				
Office Workspace	27,162.00	619.55	457.94	161.61	
Total Operating Expenses	67,496.00	13,778.59	13,778.59	161.61	(161.61)
Mileage (\$0.575 per Mile)					
Staff Mileage	3,052.00	389.78	389.78		
Total Mileage	3,052.00	389.78	389.78		
Subcontracts					
Folsom Cordova Community Partnership	56,180.00				
La Familia Counseling Center	56,180.00				
Mutual Assistance Network of Del Paso Heights	112,360.00				
River Oak Center for Children	56,180.00				
Sacramento Children's Home	168,540.00				
WellSpace Health	56,180.00				
Total Subcontracts	505,620.00				
Indirect Costs @ 20% of Total Salaries (Excluding Fringe Benefits) ³	49,144.00	15,395.69	15,337.11	58.58	
Total Costs	\$ 916,489.00	118,808.13	120,377.87	220.19	(1,789.93)

¹ Claimable Amount in General Ledger represents allowable expenses recorded in CAPC's general ledger up to maximum line item budget.

² Claimable fringe benefits are limited to 18.5% of total salaries

³ Claimable indirect costs are limited to 20% of total salaries excluding fringe benefits.

County of Sacramento
 Department of Health Services (DHS)
 Child Abuse Prevention Council (CAPC) - Local Dental Pilot Project
 Fiscal Monitoring Agreed-Upon Procedures
 Schedule of Amounts Budgeted, Claimed, Over/(Under) Claimed, and Over Budget

For the Period January 1, 2020 to December 31, 2020

Budget Categories	Approved Budget	A Total Claimed Amount	B Claimable Amount in General Ledger ¹	A-B Over Claimed Amount	A-B Under Claimed Amount
Personnel Expenses					
Health Educator	\$ 42,012.00	10,500.97			
Contracts Specialist	3,900.00	1,117.63			
Staff Accountant	6,988.00	1,109.46			
Online Training Specialist	36,396.00	15,220.94			
Chief Program Officer	7,196.00	2,092.88			
Program Support	12,862.00	1,395.47			
Project Manager	10,991.00				
Dental Project Manager	53,581.00	18,995.23			
Training Manager	4,250.00				
Total Salaries	178,176.00	50,432.58	50,432.58		
Fringe Benefits (25%) ²	44,544.00	12,608.14	9,658.20	2,949.94	
Total Personnel Expenses	222,720.00	63,040.72	60,090.78	2,949.94	
Operating Expenses					
Communications	6,095.00	1,162.66	1,239.81		(77.15)
Office Supplies	1,354.00	456.73	456.73		
Computer & AV Equipment	6,846.00	6,371.77	6,371.77		
Printing	2,119.00	225.77	225.77		
Oral Health Education/Promotional Materials	15,000.00				
Postage	200.00	2.65	2.65		
Training room Usage	214.00	213.45	213.45		
Total Operating Expenses	31,828.00	8,433.03	8,510.18		(77.15)
Mileage (\$0.575 per Mile)					
Staff Mileage	1,736.00	84.96	84.96		
Total Mileage	1,736.00	84.96	84.96		
Subcontracts					
Folsom Cordova Community Partnership	58,000.00	24,460.43	\$24,460.43		
La Familia Counseling Center	58,000.00	19,471.65	\$19,471.65		
Mutual Assistance Network of Del Paso Heights	116,000.00	93,378.83	\$93,378.83		
River Oak Center for Children	58,000.00				
Sacramento Children's Home	21,000.00				
WellSpace Health	58,000.00				
Total Subcontracts	369,000.00	137,310.91	137,310.91		
Indirect Costs @ 20% of Total Salaries (Excluding Fringe Benefits) ³	35,635.00	10,086.52	10,086.52		
Total	\$ 660,919.00	218,956.14	216,083.35	2,949.94	(77.15)

¹ Claimable Amount in General Ledger represents allowable expenses recorded in CAPC's general ledger up to maximum line item budget.

² Claimable fringe benefits are limited to 25% of total salaries.

³ Claimable indirect costs are limited to 20% of total salaries excluding fringe benefits.

County of Sacramento
 Department of Health Services (DHS)
 Child Abuse Prevention Council (CAPC)
 Fiscal Monitoring Agreed-Upon Procedures
 Summary of Amounts Over/(Under) Claimed, and Over Budget

Program/Period	Over Claimed Amount	Under Claimed Amount	Amount Claimed Over Budget
<u>Fetal Infant Mortality Review</u>			
July 1, 2018 to June 30, 2019	\$ 1,014.99	(53.17)	
July 1, 2019 to June 30, 2020	615.22		
Total Fetal Infant Mortality Review	\$ 1,630.21	(53.17)	
<u>Black Infant Health Program</u>			
July 1, 2019 to June 30, 2020	\$ 2,114.11		
<u>Local Dental Pilot Project</u>			
July 11, 2017 to December 31, 2017	\$		
January 1, 2018 to December 31, 2018		(2,195.35)	661.06
January 1, 2019 to December 31, 2019	220.19	(1,789.93)	
January 1, 2020 to December 31, 2020	2,949.94	(77.15)	
Total Local Dental Pilot Project	\$ 3,170.13	(4,062.43)	661.06
Grand Total	\$ 6,914.45	(4,115.60)	661.06

- We consider the total \$7,575.51 (\$6,914.45 + \$661.06) of over claimed amount and amount claimed over budget as disallowed costs.

County of Sacramento
Department of Health Services (DHS)
Child Abuse Prevention Council (CAPC)
Fiscal Monitoring Agreed-Upon Procedures
Current Findings and Recommendations

1. INTERNAL CONTROLS

Condition:

Child Abuse Prevention Council (CAPC)'s written internal control policies and procedures related to invoice claiming and financial reporting process were not followed by its staff. Accordingly, during our review of CAPC's invoice claims and general ledger, we noted several invoice claiming issues as described in Finding #2.

Criteria:

CAPC's management should ensure that its policies and procedures related to invoice claiming and financial reporting process are followed by its staff.

Effect:

By not following its internal control policies and procedures over invoice claiming and financial reporting process, CAPC submitted inaccurate invoice claims to Department of Health Services (DHS) resulting in noncompliance of the Agreements between CAPC and DHS (Agreements).

Recommendation:

We recommend CAPC's management ensure that its policies and procedures related to invoice claiming and financial reporting process are followed by its staff. We also recommend that CAPC's management regularly review and update the policies and procedures to strengthen its internal controls over invoice claiming and financial reporting.

Also, see Recommendations at Finding #2.

DHS' Management Response:

Per CAPC, the major cause of reported discrepancies was due to personnel turn over, lack of training and unfamiliarity with CAPC's accounting software "Financial Edge". Out of six fiscal staff, four were new and had insufficient training. In seeking to improve its fiscal performance, CAPC hired a consultant to review its financial systems. The former Controller was also hired as its Chief Financial Officer and a former Staff Accountant was hired as the Accounting Supervisor. With seasoned management in place, new staff have been trained on policies and procedures and provides close supervision to ensure consistency, financial records and claims are reconciled and the general ledger documentation that is submitted to the County for every invoice. DHS program staff who approve these invoices will match the submitted supporting documents against CAPC's invoices as part of the approval process.

County of Sacramento
Department of Health Services (DHS)
Child Abuse Prevention Council (CAPC)
Fiscal Monitoring Agreed-Upon Procedures
Current Findings and Recommendations

2. CLAIMS SUBMISSION AND GENERAL LEDGER

Condition:

During our review of CAPC's invoice claims and general ledger, we noted errors made on CAPC's invoice claims, unsupported claim expenses, and claims not reconciled to CAPC's general ledger.

As a result, we noted amounts claimed over/(under) and over budget as follows:

- Fetal Infant Mortality Review for the period July 1, 2018 to June 30, 2020: Total amounts of \$1,630.21 and \$(53.17) were over and (under) claimed, respectively.
- Black Infant Health Program for the period July 1, 2019 to June 30, 2020: Total amount of \$2,114.11 was over claimed.
- Local Dental Pilot Project for the period July 11, 2017 to December 31, 2020: Total amounts of \$3,170.13, \$(4,062.43) and \$661.06 were over and (under) claimed, and claimed over budget, respectively.

Per inquiries to CAPC's staff, it appeared that the inaccurate invoice claiming was caused by not consistently conducting line items reconciliation between invoice claims and general ledger expenses prior to submitting invoice claims to DHS, errors on cumulative amounts on invoice claims, claiming budgeted amounts rather than actual, especially for benefit expenses and indirect costs.

We consider the total \$7,575.51 (\$6,914.45 + \$661.06) of over claimed amount and amount claimed over budget as disallowed costs.

See the details at ATT 1 through ATT 3 – *Schedule of Amounts budgeted, Claimed, Over/(Under) Claimed, and Over Budget* and ATT 4 – *Summary of Amounts Over/(Under) Claimed, and Over Budget*.

Criteria:

In accordance with the Agreements' Exhibit C, Subsection IV E, "[CAPC] shall maintain full and complete documentation of all expenditures associated with performing the activities covered under these Agreements..."

Effect:

CAPC submitted inaccurate invoice claims to DHS resulting in over/(under) claim and over budget; therefore, CAPC was not in compliance with the Agreements.

County of Sacramento
Department of Health Services (DHS)
Child Abuse Prevention Council (CAPC)
Fiscal Monitoring Agreed-Upon Procedures
Current Findings and Recommendations

Recommendation:

We recommend CAPC contact DHS to develop an arrangement to resolve the over claiming issues as described above.

CAPC should reconcile invoice claims to its financial records and thoroughly review its invoice claims to check for any errors prior to submitting the claims to DHS. In addition, CAPC should claim actual expenses, not budgeted amounts, and maintain the adequate supporting documentation for all expenses claimed.

Also, see Recommendations at Finding #1.

DHS' Management Response:

Same response as in Finding #1. Under the new seasoned accounting management team, CAPC states that they are now claiming actual expenses for fringe benefits and indirect costs, not to exceed the budgeted amounts, and that expenses are now being reconciled to the general ledger, which is being submitted as support to invoices. DHS program staff who approve these invoices will match the submitted supporting documents against CAPC's invoices as part of their approval process. Furthermore, DHS staff will reach out to CAPC to make arrangements to recoup the over-claimed amount.