

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
February 6, 2018  
“*Communications Received and Filed*” Item

To: Board of Supervisors

From: Department of Finance

Subject: DHHS Terra Nova Counseling Fiscal Monitoring For The Period Of  
January 1, 2015 To December 31, 2016

Supervisory  
District(s): All

Contact: Joyce Renison, Assistant Auditor-Controller, 874-6454

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**DISCUSSION**

The United States Office of Management and Budget mandates that the County of Sacramento (County) perform fiscal monitoring of its sub-recipients of Federal funds. Accordingly, the Department of Health and Human Services requested the Department of Finance to perform an agreed-upon procedures (AUP) fiscal monitoring for Terra Nova Counseling, a sub-recipient of the County’s Federal funds.

The procedures and results are documented in the attached AUP report.

Respectively submitted,

**Ben Lamera**  
Director of Finance

Attachment

ATT 1 - DHHS Terra Nova Counseling Fiscal Monitoring for the Period of January 1, 2015 to  
December 31, 2016.

**Department of Finance**

Ben Lamera  
Director



Agenda Date: February 6, 2018

ATT 1  
**Auditor-Controller Division**

Joyce Renison  
Assistant Auditor-Controller

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**County of Sacramento**

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December 27, 2017

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 regarding Terra Nova Counseling's (Terra Nova) fiscal compliance as outlined in the contractual agreements (Agreements) for the periods listed below and on the next page:

- Mental Health Services:

- Cost Reimbursement Agreement Number 7202400-15-400 for the period January 1, 2015 to June 30, 2015
- Cost Reimbursement Agreement Number 7202400-16-400 for the period July 1, 2015 to June 30, 2016
- Cost Reimbursement Agreement Number 7202400-17-400 for the period July 1, 2016 to December 31, 2016

- Child Protective Services (CPS) Clients Short Term Counseling:

- Negotiated Rate Agreement Number 7205000-15-323 A1 for the period January 1, 2015 to May 31, 2015
- Negotiated Rate Agreement Number 7205000-15/16-323 for the period June 1, 2015 to May 31, 2016
- Negotiated Rate Agreement Number 7205000-16/17-323 for the period June 1, 2016 to December 31, 2016

- Revenue Agreement:

- Revenue Agreement Number 7206000-15-006R for the period January 1, 2015 to June 30, 2015
- Revenue Agreement Number 7206000-16-006R for the period July 1, 2015 to June 30, 2016
- Revenue Agreement Number 7206000-17-006R for the period July 1, 2016 to December 31, 2016

The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services (DHHS). Consequently, we make no representation regarding the sufficiency of the procedures described above 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 to above and on page 1 and is not intended to pertain to any other contractual agreements of DHHS or Terra Nova.

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

DHHS' management is responsible for monitoring Terra Nova's fiscal compliance of the Agreements in accordance with Section 200.331(d) "*Monitor the activities of the subrecipient [Terra Nova] 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].....*"

The procedures we performed for the Agreements and our findings were as follows below and on the next page:

1. Financial Statements – We inspected Terra Nova's audit reports for fiscal years ended June 30, 2015 and 2016, as well as interim financial statements for the 6 months ended December 31, 2016, to identify any concerns or issues that require attention.

Finding: We noted several material exceptions that required attention as a result of our procedures. See Attachment I, *Findings and Recommendations*.

2. Internal Control – We inspected Terra Nova's written internal control policies and procedures including purchasing, vendor payments, payroll, claim submission, cost allocation, general ledger, and financial report preparation. We also inspected Terra Nova's written procedures for clients' admission and release, program eligibility verification, and services provided for its programs listed in the Agreements.

Finding: We noted several exceptions that required attention as a result of our procedures. See Attachment I, *Findings and Recommendations*.

3. Claim Submission – We obtained and inspected Terra Nova’s monthly invoice claims for the months of March 2015, May 2015, October 2015, January 2016, September 2016, and November 2016.
  - Mental Health Services: We selected and tested a total of 90 transactions from the monthly invoice claims.
  - CPS Clients Short Term Counseling: We selected and tested a total of 60 transactions from the monthly invoice claims.

We traced these transactions to the supporting documentation. We traced the Revenue Agreements’ total amounts due to DHHS for period of January 1, 2015 to December 31, 2016 to the supporting documentation.

Finding: We noted several exceptions that required attention as a result of our procedures. See Attachment I, *Findings and Recommendations*, Schedule I, *Schedule of Questioned and Disallowed Costs - Mental Health Services*, and Schedule II, *Schedule of Questioned and Disallowed Costs - CPS Clients Short Term Counseling*.

4. General Ledger – We traced Terra Nova’s monthly invoice claims for March 2015, May 2015, October 2015, January 2016, September 2016, and November 2016 to its general ledger.

Finding: We noted several exceptions that required attention as a result of our procedures. See Attachment I, *Findings and Recommendations*.

5. Cost Allocation – We inspected Terra Nova’s cost allocation policies and procedures to identify any concerns or issues that required your attention. We tested the transactions listed at Item 3 above to identify any issues related to cost allocation.

Finding: We noted several exceptions that required attention as a result of our procedures. See Attachment I, *Findings and Recommendations*.

6. Funding Sources – We made inquiries to Terra Nova’s management to identify any funding sources other than DHHS. We also inspected Terra Nova’s general ledger and invoice claims for March 2015, May 2015, October 2015, January 2016, September 2016, and November 2016 to identify any inappropriate or duplicated charges.

Finding: We did not note any exceptions related to funding sources other than DHHS that required attention as a result of our procedures.

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, examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on Terra Nova's financial statements or schedules, or compliance for the aforementioned programs, or results of our procedures on pages 2 and 3. 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.

The projected questioned and disallowed costs presented at Attachment I, *Findings and Recommendations*, Schedule I, *Schedule of Questioned and Disallowed Costs - Mental Health Services*, and Schedule II, *Schedule of Questioned and Disallowed Costs - CPS Clients Short Term Counseling* are extrapolated based on our testing with the assumption that the same average error rate applied to each invoice in the population for the entire period of this agreed-upon procedures. Had we tested additional invoices, the projected questioned and disallowed costs would likely be changed.

DHHS's management responses to the findings identified during our engagement are described in Attachment I, *Findings and Recommendations*. We did not perform procedures to validate DHHS'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, 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  
Audit Manager

Enclosures

Attachment I: *Findings and Recommendations*  
Schedule I: *Schedule of Questioned and Disallowed Costs - Mental Health Services*  
Schedule II: *Schedule of Questioned and Disallowed Costs - CPS Client Short Term Counseling*  
Schedule III: *Schedule of Outstanding DUI Program Fees*  
Schedule IV: *Schedule of Questioned and Disallowed and Outstanding Program Fees (Summary)*

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**1. Financial Statement Finding**

Based on our inspection of Terra Nova Counseling's (Terra Nova) audit reports for the fiscal years (FY) ended June 30, 2015 (2014-15) and 2016 (2015-16), and interim unaudited financial statements as of December 31, 2016, we have serious concerns about Terra Nova's financial condition:

**a. Financial Condition**

Terra Nova's audit firm expressed substantial doubt about Terra Nova's ability to continue operating as a going concern in both FY 2014-15 and 2015-16 independent auditor's reports.

*i) Deficit Spending*

Terra Nova's deficit spending totaled \$998,351 (total revenues of \$8,794,949 minus total expenses of \$9,793,300) from July 1, 2014 to December 31, 2016:

- Deficit spending totaling \$366,248 (total revenues of \$4,297,726 minus total expenses of \$4,663,974) from July 1, 2014 to June 30, 2015.
- Deficit spending totaling \$409,760 (total revenues of \$3,103,246 minus total expenses of \$3,513,006) from July 1, 2015 to June 30, 2016.
- Deficit spending totaling \$222,343 (total revenues of \$1,393,977 minus total expenses of \$1,616,320) from July 1, 2016 to December 31, 2016.

*ii) Net Deficit*

Terra Nova's net deficit increased from \$139,523 to \$932,415 from July 1, 2014 to December 31, 2016 (\$792,892 or 568% increase):

- Terra Nova had a net deficit of \$139,523 (total assets \$840,092 and total liabilities \$979,615) as of July 1, 2014.
- Terra Nova had a net deficit of \$505,771 (total assets \$636,204 and total liabilities \$1,141,975) as of June 30, 2015.
- Terra Nova had a net deficit of \$715,531 (total assets \$574,327 and total liabilities \$1,289,858) as of June 30, 2016.

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- Terra Nova had a net deficit of \$932,415 (total assets \$399,192 and total liabilities \$1,331,607) as of December 31, 2016.

*iii) Negative Working Capital*

Terra Nova's negative working capital increased from \$38,230 to \$948,526 from July 1, 2014 to December 31, 2016 (\$910,296 or 2,381%):

- Terra Nova had a negative working capital in the amount of \$38,230 (current assets \$799,954 and current liabilities \$838,184) as of July 1, 2014.
- Terra Nova had a negative working capital in the amount of \$368,044 (current assets \$604,951 and \$972,995 current liabilities) as of June 30, 2015.
- Terra Nova had a negative working capital in the amount of \$520,774 (current assets \$553,169 and current liabilities \$1,073,943) as of June 30, 2016.
- Terra Nova had a negative working capital in the amount of \$948,526 (current assets \$383,081 and current liabilities of \$1,331,607) as of December 31, 2016.

*iv) Credit Line*

Terra Nova had a line of credit with a bank of up to \$400,000:

- Terra Nova had only \$10,150 (\$400,000 - \$389,850) of credit available as of June 30, 2015.
- Terra Nova had only \$7,650 (\$400,000 - \$392,350) of credit available as of June 30, 2016.
- Terra Nova had only \$20,150 (\$400,000 - \$379,850) of credit available as of December 31, 2016.

*v) Related Party Transactions*

Terra Nova received loans from its previous Chief Executive Officer (CEO) and the CEO's spouse. Additionally, Terra Nova received loans from a Board of Directors (Board) member. These related party loans are non-interest bearing and are due upon demand. Amounts listed as follows on the next page:

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- Terra Nova's loan from its previous CEO and the previous CEO's spouse had a balance of \$127,425 as of June 30, 2015.
- Terra Nova's loan from its Board member totaled \$20,000 during FY 2014-15. The loan was fully paid in FY 2014-15.
- Terra Nova's loan from its previous CEO and the previous CEO's spouse had a balance of \$111,510 as of June 30, 2016.
- Terra Nova's loan from its Board member totaled \$25,000 during FY 2015-16. The loan was fully paid in FY 2015-16.

In addition, Terra Nova received a one-time contribution of \$200,000 from one of its landlords during FY 2015-16.

Terra Nova does not have adequate current assets to meet its current obligations coming due. This financial condition would significantly affect Terra Nova's ability to operate its programs going forward.

**b. Audit Report Findings**

Terra Nova had no findings in its FY 2014-15 audit report and one finding in its FY 2015-16 audit report, which were audited by the same audit firm.

Although the audit firm did not report any audit findings in Terra Nova's FY 2014-15 audit report, the audit firm provided recommendations in a separate letter to Terra Nova's management and its Board as listed below:

- Controls over the review of the Executive Director's credit card expense reimbursement transactions.
- Consider strengthening Terra Nova's review process by ensuring journal entries and bank reconciliations are reviewed and approved by the Executive Director on a regular basis.
- More frequent Board meetings.



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The FY 2015-16 audit finding was due to Terra Nova not having written policies and procedures regarding allowable costs as required under 2 Code of Federal Regulations (CFR) 200.302(b)(7). The audit recommendation is for Terra Nova to document their policies and procedures over allowable costs as described in 2 CFR 200.

Per the audit firm's FY 2015-16 separate letter to Terra Nova's management and Board of Directors, all FY 2014-15 recommendations provided to Terra Nova were implemented except the recommendation for review of journal entries and approval by the Executive Director on a regular basis. No additional recommendations were provided by the audit firm.

Recommendation

Terra Nova should improve its financial condition in order to continue to serve the community. We recommend Terra Nova develop and implement a financial plan to improve its financial condition by reducing expenditures and/or finding additional funding streams. We further recommend Terra Nova resolve the deficiencies and non-compliance issues mentioned above by implementing the audit firm recommendations in a timely manner.

Department of Health and Human Services' (DHHS) Management Response

DHHS agrees Terra Nova should improve its financial condition and will require Terra Nova to develop a financial plan to improve its financial condition. In addition, DHHS will request Terra Nova to implement the audit firm's recommendations to address the identified deficiencies and non-compliance concerns.

**2. Internal Control Finding**

**a. Payment Procedures and Invoice Claims**

During our inspection of Terra Nova's vendor payment procedures, we noted the accounts payable clerk processes all payments and the signed checks were returned to the accounts payable clerk to mail. The accounts payable clerk was also able to record transactions in Terra Nova's accounting system. As the accounts payable clerk was able to process and mail payments, and record transactions in the accounting system, theft or misappropriation of the signed checks could occur.

We further noted the Mental Health Services invoice claims and Revenue Agreement for Driving Under the Influence (DUI) remittance support did not have an approving process requiring an accountant or higher level classification to approve the claims and remittances.

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Also, as described at Finding Number 3a, there were many instances of insufficient supporting documentation for journal entries and operating expenses that were charged to Terra Nova's credit cards.

**b. Payroll Procedures and Functional Timesheets**

We noted Terra Nova's payroll procedures state that timesheets were to be kept on a daily basis with hours allocated to the appropriate program as worked. However, per our inspection, functional timesheets for salaried employees were not provided, as they had not been maintained. Out of our testing of the following six months: March 2015, May 2015, October 2015, January 2016, September 2016, and November 2016, we noted only November 2016 had functional timesheets.

We further noted Terra Nova's payroll procedures did not indicate that the Executive Director's functional timesheet should be approved by a member of the Board. We noted that there was no approval of the Executive Director's timesheet. Approval of the Executive Director's hours should be performed by a member of the Board so there is no subordinate conflict and proper controls are maintained in the payroll approval process.

**c. Missing Policies & Procedures**

We noted Terra Nova did not have written procedures during our inspection period for Child Protective Services (CPS) Contracted Clients in regards to: admission and eligibility determination, procedures for services to be provided, and discharging clients. The written policies that were provided to us by Terra Nova for these items went into effect as of January 3, 2017, which is after our inspection period. We also noted that for the DUI Program Terra Nova did not have written procedures during our inspection period for: admission and eligibility verification, procedures for services to be provided, and discharging clients. The written policies that were provided to us by Terra Nova for these items went into effect as of January 6, 2017, which is after our inspection period.

**d. Noncompliance with Contracts**

In addition, as described at Finding Number 3b, Terra Nova has no written policies or procedures for ensuring clients are contacted and files are maintained in accordance with the CPS Client Short Term Counseling contractual agreement (Agreement). As such, there were client sessions billed more than 30 days after occurrence, and call logs were not maintained.

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As stated at Finding Number 3c, there were no controls over ensuring DUI revenue payments to the County were in accordance with the Revenue Agreement.

Recommendation

We recommend Terra Nova update and implement procedures for its signed checks to include someone without access to process payments to be in custody of the signed checks. Terra Nova should create an internal control process requiring the review of quarterly DUI revenue reports and payment to the County prior to submission. Terra Nova should ensure that their procedures for creating copies of invoices and backup for journal entries are being followed. We also recommend Terra Nova create and maintain internal controls, policies, and procedures to ensure that they are in compliance with the Agreements, procedures requiring timesheets being kept and reviewed to ensure work hours are being allocated to appropriate programs as worked. We further recommend Terra Nova update and implement procedures to include the Executive Director's functional timesheet be approved by a member of the Board. Terra Nova should create written procedures to ensure call log records are maintained in client files and ensure the County is billed within 30 days of the date of service, to be in compliance with the Agreement.

DHHS's Management Response

DHHS will request that Terra Nova revise and adopt updated written policy/procedures for its payment procedures and invoice claiming to address concerns regarding internal control processes and documentation policies. DHHS will require Terra Nova to develop and implement policy/procedures for functional timesheets to ensure proper cost allocation to programs and for the Board's review of the Executive Director's timesheet. Additionally, DHHS will request that Terra Nova develop and implement policy/procedures pertaining to the agreements with the Child Protective Services programs and the DUI program to ensure compliance.

**3. Claim Submission Finding**

**a. Mental Health Services**

Terra Nova's mental health services program (Mental Health) provides services to children who are MediCal eligible from ages 18 months to 21 years old with mental health problems that are interfering with their family and school lives.

*i) Exceptions from Test of Transactions*

During our testing of Mental Health, out of the 90 transactions tested, there were many instances of non-compliance with the Mental Health Agreement listed as follows on the next pages:

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- There were six transactions of which core assessment and treatment plans were not completed within 60 days of the start date, two of which were not signed.
- There were also four instances in which the core assessment and treatment plans were not sent to a DHHS CPS social worker within three weeks of completion for CPS referrals. There was one instance in which there was no assessment and treatment plan completed.
- There were eight instances of monthly Medi-Cal eligibility reports that were not maintained. However, we were able to verify these clients were Medi-Cal eligible for services by Terra Nova through another source.
- We noted that functional timesheets were not maintained for salaried employees for March 2015, May 2015, October 2015, January 2016, and September 2016. We further noted that Terra Nova combined all salaries and wages from its employees that worked for and claimed to Mental Health with one or two journal entry(ies) for each pay period. In addition, the benefits and payroll taxes allocation basis were calculated based on the salaries and wages, and posted in Terra Nova's general ledger as one entry each for the different types of benefits (health, workers compensation, etc.) and payroll taxes. We selected a total of 20 salaries and wages and benefits entries from Terra Nova's general ledger. We noted that 15 out of 20 salaries and wages and benefits entries included amounts from salaried employees that did not have functional timesheets. Since functional timesheets for salaried employees were not maintained, we were unable to determine the correct amounts to be charged to Mental Health. As such, we consider these salaries and wages and benefits entries in Terra Nova's general ledger to be questioned costs in the amounts of \$143,121, \$79,520, and \$40,991, for the periods of January 1, 2015 to June 30, 2015, July 1, 2015 to June 30, 2016, and July 1, 2016 to December 31, 2016, respectively.
- In addition, we noted the payroll basis was used to directly allocate operating costs to Mental Health. These operating costs included rent expenses. Since functional timesheets were not maintained as noted above, we consider these program costs to be questioned costs in the amounts of \$454, \$26,194, and \$1,619, for the periods of January 1, 2015 to June 30, 2015, July 1, 2015 to June 30, 2016, and July 1, 2016 to December 31, 2016, respectively.

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- There was insufficient or no documentation provided for 10 out of 48 journal entries completed and costs charged to Mental Health operating costs. These operating costs included rent expenses. We consider these costs to be questioned costs in the amounts of \$15,606 and \$728 for the periods of January 1, 2015 to June 30, 2015 and July 1, 2015 to June 30, 2016, respectively.
- We noted the interest cost for Terra Nova's insurance was charged to Mental Health in the amount of \$18 for the period of July 1, 2016 to December 31, 2016. We further noted that Terra Nova claimed a rush processing fee in the amount of \$60 for the period of July 1, 2016 to December 31, 2016. We consider the \$18 interest cost and \$60 rush fee claimed to be disallowed costs, as these costs were not in compliance with Federal cost principles.
- There was one automatic entry in the amount of \$45 in Terra Nova's accounting system where there were no goods or services provided to Mental Health. We further noted a different entry of \$45 had an invoice amount of \$40.95 which has not been paid for over one year. As such, we considered these two entries for Terra Nova's operating costs to be disallowed costs in the total amount of \$90 for the period of July 1, 2016 to December 31, 2016.

Recommendation

We recommend Terra Nova establish written procedures for maintaining documentation that supports the costs charged to Mental Health. Terra Nova should also establish procedures to ensure clinicians complete assessment and treatment plans within the set time period as deemed in the Agreements, as well as to ensure all treatment plans are signed, completed, and sent to the referring CPS social worker. Terra Nova should also establish procedures to ensure costs are charged to the respective programs in which they were incurred. Terra Nova should maintain functional timesheets for salaried employees and continue to maintain functional timesheets for its hourly employees. The timesheets should clearly state the hours that are worked and charged to the respective programs worked.

DHHS's Management Response

See response for Finding Number 2.

DHHS will request Terra Nova to establish written procedures to ensure clinicians complete and process assessment and treatment plans as noted in the Agreements.

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*ii) Costs in Cost Settlement Report Exceed Budget*

Since the cost settlement report is reported annually for the fiscal year from July 1, 2014 to June 30, 2015, and a specific period within the fiscal year cannot be extracted, we compared the actual costs reported on Mental Health's annual cost settlement report to the final budget for the entire fiscal year from July 1, 2014 to June 30, 2015 rather than the period from January 1, 2015 to June 30, 2015. We noted the totals for operating expenses line item exceeded the budget line item in the amount of \$27,558, which we consider to be disallowed costs. See Schedule I, *Schedule of Questioned and Disallowed Costs - Mental Health Services* page 1 of 3.

We further noted the actual claim exceeded the general ledger for the period of July 1, 2015 to June 30, 2016 in the amount of \$126,739 (\$1,958,934 - \$1,832,195). We did not note any disallowed costs because the annual cost settlement report for this period was not completed.

We did not compare the budget to the cost settlement report for the period July 1, 2016 to December 31, 2016 because the period from January 1, 2017 to June 30, 2017 is not included in this agreed-upon procedures engagement and the annual cost settlement report was not completed.

Recommendation

We reiterate the recommendation at Finding Number 3a.iv.

DHHS's Management Response

DHHS will request Terra Nova to develop a review process for cost settlement reports to ensure non-reimbursable claims are not included.

*iii) Lapse of Insurance Coverage*

We noted that Terra Nova had a lapse of insurance coverage for the period of October 8, 2015 to October 19, 2015. Per the Mental Health and CPS Agreements, any services performed in the period without insurance coverage is considered a breach of Agreement and costs are not able to be claimed for reimbursement.

- We obtained a report from Avatar, which is the treatment tracking system that Sacramento County uses for their mental health division, to determine the amount of services provided during the period of insurance coverage lapse. The amount of services provided during that period, per Avatar was \$43,909. Terra Nova has not submitted any claims for the period from October 8, 2015 to October 19, 2015. As

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the annual cost settlement report for the period of July 1, 2015 to June 30, 2016 has not been completed, we are unable to determine whether these costs were included in the annual cost settlement report for reimbursement.

Recommendation

We recommend Terra Nova create a process to ensure there is no lapse of insurance coverage. We also recommend Terra Nova review the cost settlement report prior to submission to ensure Terra Nova does not claim costs that are not reimbursable.

DHHS's Management Response

DHHS will request Terra Nova to create a process to prevent lapses in insurance coverage.

*iv) Projected Questioned and Disallowed Costs*

Based on sections i) through ii) of Finding Number 3a, the results of our testing are listed at Table 1 below to calculate the projected questioned and disallowed costs:

Table 1:

<u>Period</u>	<u>Sample</u>	<u>Questioned Costs</u>	<u>Disallowed Costs</u>
January 1, 2015 to June 30, 2015	\$ 169,233	159,181 <sup>(I)</sup>	27,558 <sup>(IV)</sup>
July 1, 2015 to June 30, 2016	113,474	106,442 <sup>(II)</sup>	
July 1, 2016 to December 31, 2016	95,707	42,610 <sup>(III)</sup>	168 <sup>(V)</sup>
Total	\$ 378,414	308,233	27,726

<sup>(I)</sup> Consists of \$143,121+\$454+\$15,606.

<sup>(II)</sup> Consists of \$79,520+\$26,194+\$728.

<sup>(III)</sup> Consists of \$40,991+\$1,619.

<sup>(IV)</sup> Amount represents the fiscal year from July 1, 2014 to June 30, 2015.

<sup>(V)</sup> Consists of \$18+\$60+\$90.

Based on the results of our testing noted at Table 1, for the following periods:

- For the period of January 1, 2015 to June 30, 2015: \$159,181 or 94.06% (\$159,181/\$169,233) were questioned costs, and we noted \$27,558 in disallowed costs that represents entire fiscal year from July 1, 2014 to June 30, 2015, as described at section ii) of this finding. We obtained the total claim amount of

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\$3,059,166 from the cost settlement report provided by Terra Nova for the period July 1, 2014 to June 30, 2015. Accordingly, we projected \$2,718,271, 94.06% of remaining costs not in our sample in the amount of \$2,889,933 (\$3,059,166-\$169,233), as projected questioned costs. See Table 2 on the next page and Schedule I, *Schedule of Questioned and Disallowed Costs – Mental Health Services* page 1 of 3.

- For the period of July 1, 2015 to June 30, 2016: \$106,442 or 93.80% (\$106,442/\$113,474) were questioned costs. We obtained the total actual claim amount of \$1,958,934 from Terra Nova's invoice claims submitted to DHHS for the period July 1, 2015 to June 30, 2016. Accordingly, we projected \$1,731,041, 93.80% of remaining costs not in our sample in the amount of \$1,845,460 (\$1,958,934-\$113,474), as projected questioned costs. See Table 2 on the next page and Schedule I, *Schedule of Questioned and Disallowed Costs – Mental Health Services* page 2 of 3.
- For the period of July 1, 2016 to December 31, 2016: \$42,610 or 44.52% (\$42,610/\$95,707) were questioned costs, and \$168 or 0.18% (\$168/\$95,707) were disallowed costs. We obtained the total actual claim amount of \$550,295 from Terra Nova's invoice claims submitted to DHHS for the period of July 1, 2016 to December 31, 2016. Accordingly, we projected \$202,383, 44.52% of remaining costs not in our sample in the amount of \$454,588 (\$550,295-\$95,707), as projected questioned costs. We also projected \$818, 0.18% or remaining costs not in our sample in the amount of \$454,588 (\$550,295-\$95,707), as projected disallowed costs. See Table 2 on the next page and Schedule I, *Schedule of Questioned and Disallowed costs – Mental Health Services* page 3 of 3.

The results of our projections are summarized at Table 2 on the next page:



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For the Periods January 1, 2015 to June 30, 2015, July 1, 2015 to June 30, 2016,  
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Table 2:

<u>Period</u>	<u>Total Amount Not Tested</u>	<u>Projected Questioned Costs</u>	<u>Projected Disallowed Costs</u>
July 1, 2014 to June 30, 2015 <sup>(i)</sup>	\$2,889,933	2,718,271	<sup>(ii)</sup>
July 1, 2015 to June 30, 2016	1,845,460	1,731,041	
July 1, 2016 to December 31, 2016	454,588	202,383	818
Total	<u>\$5,189,981</u>	<u>4,651,695</u>	<u>818</u>

<sup>(i)</sup> The cost settlement report is for the entire fiscal year from July 1, 2014 to June 30, 2015, therefore, the costs for this row are for the entire fiscal from July 1, 2014 to June 30, 2015.

<sup>(ii)</sup> There is no projected disallowed costs because the \$27,558 amount from Table 1 on the previous page is for the entire fiscal year from July 1, 2014 to June 30, 2015.

The projected questioned and disallowed costs are extrapolated based on our testing with the assumption that the same average error rate applied to each invoice in the population for the entire period of this agreed-upon procedures engagement.

Recommendation

We reiterate the recommendation at Finding Number 3a.i.

We recommend DHHS contact Terra Nova to develop a resolution to resolve:

- The questioned costs in the amounts of \$159,181, \$106,442, and \$42,610 for the periods of July 1, 2014 to June 30, 2015, July 1, 2015 to June 30, 2016, and July 1, 2016 to December 31, 2016, respectively.
- The projected questioned costs in the amounts of \$2,718,271, \$1,731,041, \$202,383 for the periods of July 1, 2014 to June 30, 2015, July 1, 2015 to June 30, 2016, and July 1, 2016 to December 31, 2016, respectively.
- The disallowed costs in the amounts of \$27,558 and \$168 for the periods of July 1, 2014 to June 30, 2015, and July 1, 2016 to December 31, 2016, respectively.
- The projected disallowed costs in the amount of \$818 for the period of July 1, 2016 to December 31, 2016.

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For the Periods January 1, 2015 to June 30, 2015, July 1, 2015 to June 30, 2016,  
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DHHS's Management Response

DHHS will contact Terra Nova to develop a resolution to address the identified questioned costs, projected costs and disallowed costs during the noted review periods.

**b. CPS Client Short Term Counseling Program**

Terra Nova's CPS Client Short Term Counseling Program (CPS program) provides counseling services to families to avoid removal of their child(ren) from home, reunify the family following removal of child(ren) from home(s), and to avoid placement failure.

*i) Exceptions from Test of Transactions*

For the CPS program, we tested 60 clients. During our testing, we noted many instances of non-compliance with the Agreements, including one counseling session billed more than 30 days after occurrence, two clients contacted later than 14 days from issuance of referral forms, and client records including two call logs not being maintained.

There were two clients out of the 60 tested in which counseling reports were not provided and as such, we were unable to determine what services were provided to the clients for the dates that were billed. There were six instances in which there were no signed written treatment plans. We consider these amounts billed to be questioned costs.

During our testing, we found two instances in which sessions were billed to the County that did not occur. As these were erroneously billed, these were considered to be disallowed costs. See Table 3 below.

Table 3:

Period	Units of Service			Sample Amount	Questioned Costs	Disallowed Costs
	Sessions Selected from Terra Nova's Summary Reports/ Worksheets (Sample)	Sessions with Inadequate Support	Erroneously Billed Sessions		Amount of Sessions with Inadequate Support	Amount of Sessions Erroneously Billed
January 2015 to May 2015	39	1	1	\$ 2,190	75	55
June 2015 to May 2016	33	2		1,785	100	
June 2016 to December 2016	39	13	1	1,990	715	25
Total	111	16	2	\$ 5,965	890	80

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For the Periods January 1, 2015 to June 30, 2015, July 1, 2015 to June 30, 2016,  
and July 1, 2016 to December 31, 2016

Recommendation

We recommend Terra Nova establish written procedures for maintaining client files, ensure call logs are maintained, counseling reports are completed, treatment plans are signed, and sessions are billed appropriately and accurately within 30 days. We also recommend DHHS contact Terra Nova to develop a resolution to resolve the questioned and disallowed costs in the amounts of \$890 (\$75+\$100+\$715) and \$80 (\$55+\$25), respectively, for January 1, 2015 to December 31, 2016.

DHHS's Management Response

DHHS will contact Terra Nova to develop and implement written procedures for the CPS Client Short Term Counseling Program and as well as develop a resolution for the questioned, projected and disallowed costs for the noted period.

*ii) Projected Questioned and Disallowed Costs*

The CPS program Agreement covers a period that differs from the normal fiscal year July through June. As such, we noted the CPS program Agreement periods as January 1, 2015 to May 31, 2015, June 1, 2015 to May 31, 2016, and June 1, 2016 to December 31, 2016.

Based on the results of the testing at Finding Number 3b.i, for the periods:

- January 1, 2015 to May 31, 2015; the questioned costs were \$75 or 2.56% (1/39 sessions), and \$55 or 2.56% (1/39 sessions) were disallowed costs. We confirmed the total amount claimed and paid by DHHS in the amount of \$15,290 for this period. Accordingly, we projected questioned and disallowed costs of remaining claims not in our sample for this period totaling \$13,100 (\$15,290-\$2,190) in the amounts of \$335 and \$335, respectively.
- June 1, 2015 to May 31, 2016; the questioned costs were \$100 or 6.06% (2/33 sessions) for the monthly claims selected for this period. We confirmed the total amount claimed and paid by DHHS in the amount of \$32,455 for this period. Accordingly we projected questioned costs of remaining claims not in our sample for this period totaling \$30,670 (\$32,455-\$1,785) in the amount of \$1,859.
- June 1, 2016 to December 31, 2016; the questioned costs were \$715 or 33.33% (13/39 sessions), and \$25 or 2.56% (1/39 sessions) were disallowed costs for the monthly claims selected for this period. We confirmed the total amount claimed and paid by DHHS in the amount of \$17,320 for this period. Accordingly, we projected questioned and disallowed costs of remaining claims not in our sample

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for this period totaling \$15,330 (\$17,320-\$1,990) in the amounts of \$5,109 and \$392, respectively.

The projected questioned and disallowed costs are summarized at Table 4 below.

Table 4:

<u>Period</u>	<u>Total Amount Not Tested</u>	<u>Projected Questioned Costs</u>	<u>Projected Disallowed Costs</u>
January 2015 to May 2015	\$ 13,100	335	335
June 2015 to May 2016	30,670	1,859	
June 2016 to December 2016	15,330	5,109	392
Total	<u>\$ 59,100</u>	<u>7,303</u>	<u>727</u>

The projected and disallowed costs are extrapolated based on our testing with the assumption that the same error rate for each budget item with the same session rate will be found if we test the entire population for the periods January 1, 2015 to May 31, 2015, June 1, 2015 to May 31, 2016, and June 1, 2016 to December 31, 2016.

Recommendation

We reiterate our recommendation at Finding Number 3b.i.

In addition, we recommend DHHS contact Terra Nova to develop a resolution to resolve the projected questioned and disallowed costs in the amounts of \$7,303 (\$335+\$1,859+\$5,109) and \$727 (\$335+\$392), respectively, for January 1, 2015 to December 31, 2016.

DHHS's Management Response

See response for Finding Number 3b.i.

*iii) Lapse of Insurance Coverage*

As previously stated in Finding Number 3a.iii, Terra Nova had a lapse of insurance coverage. In addition, we noted that Terra Nova submitted the CPS program claims for the period from October 8, 2015 to October 19, 2015, however DHHS did not pay the claims for this period. The costs incurred during this period are therefore not included in our schedules, nor have we determined any disallowed or questioned costs for the insurance lapse period.

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Recommendation

We recommend Terra Nova create a process to ensure there is no lapse of insurance coverage.

DHHS's Management Response

See response for Finding Number 3a.iii.

**c. Revenue Agreement**

Per the Revenue Agreement, "*The reimbursement amount is 5% of total gross revenues collected (Title 9, Section 9878 [n]) from clients by the CONTRACTOR [Terra Nova], not including the state surcharge.*" During our inspection of the Revenue Agreement for Driving Under the Influence (DUI) revenues, we noted that Terra Nova has reimbursed DHHS less than what was required per the Agreement. Per our recalculation of program fees collected for the following periods:

- For the period January 1, 2015 to June 30, 2015, the total difference between the amount collected by Terra Nova and the amount reimbursed to DHHS was \$7,114 (\$26,553-\$19,439).
- For the period July 1, 2015 to June 30, 2016, the total difference between the amount collected by Terra Nova and the amount reimbursed to DHHS was \$1,973 (\$47,400-\$45,427).
- For the period July 1, 2016 to December 31, 2016, the total difference between the amount collected by Terra Nova and the amount reimbursed to DHHS was \$186 (\$22,306-\$22,120).

For detailed calculations, see Schedule III, *Schedule of Outstanding DUI Program Fees*.

Terra Nova did not include all revenues (such as Transfer out, leave of absence, etc.) in the calculation. As such, the amounts reimbursed were incorrectly calculated and we noted that Terra Nova needs to reimburse DHHS the required reimbursement total of \$9,273 (\$7,114+\$1,973+\$186). We also noted there were no signatures or documented reviews of quarterly DUI collection revenue reports that Terra Nova provides to DHHS to ensure the amount calculated as payable to DHHS is accurate.

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For the Periods January 1, 2015 to June 30, 2015, July 1, 2015 to June 30, 2016,  
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Recommendation

We recommend DHHS contact Terra Nova to resolve the DUI program fees due to DHHS in the amount of \$9,273. We further recommend DHHS to ensure Terra Nova follows its DUI Revenue Agreement submission procedures, and update and implement its procedures to require a secondary review with reviewer's signature and date after completion.

DHHS's Management Response

DHHS will contact Terra Nova to update and implement its procedures relating to the DUI program and to develop a resolution for the DUI program fees due to DHHS.

**4. General Ledger Finding**

We reiterate our comments and recommendations at Finding Number 5.

**5. Cost Allocation Finding**

Terra Nova did not maintain functional timesheets for salaried employees that were used as a basis for its cost allocation. Therefore, as stated in Finding Number 3a, we cannot verify the accuracy of its allocated costs.

We further noted, as stated in Finding Number 3a, Terra Nova's payroll costs are considered questioned costs due to Terra Nova's inability to verify whether payroll was allocated to appropriate programs.

Recommendation

We reiterate the recommendations at Finding Number 3a.

DHHS's Management Response

See response for Finding Number 2.

**6. Funding Sources Finding**

We did not note any exceptions related to funding sources other than DHHS that required attention as a result of our procedures.

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 Mental Health Services  
 For the Period of January 1, 2015 to June 30, 2015

Budget Items	Budgeted Amount <sup>(i)</sup>	Actual Claim Amount <sup>(ii)</sup>	Questioned Costs <sup>(iii)</sup>	Disallowed Costs <sup>(iii)</sup>
Salaries and Employee Benefits	\$ 2,267,435	2,220,243	143,121	
Operating Expenses	470,287	497,845	16,060	27,558 <sup>(iv)</sup>
Overhead and Allocated Costs	363,435	341,078		
<b>Total</b>	<b><u>\$ 3,101,157</u></b>	<b><u>3,059,166</u></b>	<b><u>159,181</u></b>	<b><u>27,558</u></b>
<b>Projection</b>			<b><u>2,718,271</u> <sup>(v)</sup></b>	<b><u>                    </u> <sup>(vi)</sup></b>
<b>Total</b>			<b><u>\$ 2,877,452</u></b>	<b><u>\$ 27,558</u></b>

- <sup>(i)</sup> Budgeted Amount column represents Terra Nova Counseling's (Terra Nova) total budget set by the contractual agreements for Mental Health Services for the period of July 1, 2014 to June 30, 2015.
- <sup>(ii)</sup> Actual Claim Amount column represents the amounts reported on the annual cost settlement report submitted to County of Sacramento, Department of Health and Human Services (DHHS) by Terra Nova for the period July 1, 2014 to June 30, 2015.
- <sup>(iii)</sup> See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of questioned and disallowed costs.
- <sup>(iv)</sup> Amount is not projected because it represents the difference of the total costs for the entire period of July 1, 2014 to June 30, 2015 that exceeded the total Budgeted Amount column.
- <sup>(v)</sup> Amount is the projected questioned costs based on 94.06% of remaining costs not in our sample in the amount of \$2,889,933 (\$3,059,166-\$169,233). See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of projected questioned and disallowed costs.
- <sup>(vi)</sup> There are no projected disallowed costs because the \$27,558 amount from above is for the entire fiscal year from July 1, 2014 to June 30, 2015.

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Budget Items	Actual Claim Amount <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Questioned Costs <sup>(iii)</sup>	Disallowed Costs <sup>(iii)</sup>
Salaries and Employee Benefits	\$	1,308,257	79,520	
Operating Expenses		357,375	26,922	
Overhead and Allocated Costs		166,563		
<b>Total</b>	<b>\$ 1,958,934 <sup>(iv)</sup></b>	<b>1,832,195 <sup>(v)</sup></b>	<b>106,442</b>	
<b>Projection</b>			<b>1,731,041 <sup>(vi)</sup></b>	
<b>Total</b>			<b>\$ 1,837,483</b>	<b>\$</b>

- <sup>(i)</sup> Actual Claim Amount column represents Terra Nova's total invoice claims (per Avatar, treatment tracking system for DHHS) submitted to DHHS for the period of July 1, 2015 to June 30, 2016. As the annual cost settlement report for the period of July 1, 2015 to June 30, 2016 has not been completed, we are unable to compare this column to the Per General Ledger column.
- <sup>(ii)</sup> Column represents amounts recorded in Terra Nova's general ledger for the period of July 1, 2015 to June 30, 2016.
- <sup>(iii)</sup> See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of questioned and disallowed costs.
- <sup>(iv)</sup> This amount does not include services provided for the period October 8, 2015 to October 19, 2015 due to the lapse of insurance coverage for this period.
- <sup>(v)</sup> This amount does not take into consideration the costs incurred during the lapse of insurance coverage for the period October 8, 2015 to October 19, 2015. The amount of services provided that period, per Avatar is \$43,909. See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of questioned and disallowed costs.
- <sup>(vi)</sup> Amount is the projected questioned costs based on 93.80% of remaining costs not in our sample in the amount of \$1,845,460 (\$1,958,934-\$113,474). See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of projected questioned and disallowed costs.

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Budget Items	Actual Claim Amount <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Questioned Costs <sup>(iii)</sup>	Disallowed Costs <sup>(iii)</sup>
Salaries and Employee Benefits	\$	583,689	40,991	
Operating Expenses		179,895	1,619	168
Overhead and Allocated Costs		76,358		
<b>Total</b>	<b>\$ 550,295</b>	<b>839,942</b>	<b>42,610</b>	<b>168</b>
<b>Projection</b>			<b>202,383 <sup>(iv)</sup></b>	<b>818 <sup>(v)</sup></b>
<b>Total</b>			<b>\$ 244,993</b>	<b>\$ 986</b>

<sup>(i)</sup> Actual Claim Amount column represents Terra Nova's total invoice claims (per Avatar, treatment tracking system for DHHS) submitted to DHHS for the period of July 1, 2016 to December 31, 2016.

<sup>(ii)</sup> Column represents amounts recorded in Terra Nova's general ledger for the period of July 1, 2016 to December 31, 2016.

<sup>(iii)</sup> See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of questioned and disallowed costs.

<sup>(iv)</sup> Amount is the projected questioned costs based on 44.52% of remaining costs not in our sample in the amount of \$454,588 (\$550,295-\$95,707). See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of projected questioned and disallowed costs.

<sup>(v)</sup> Amount is the projected questioned costs based on 0.18% of remaining costs not in our sample in the amount of \$454,588 (\$550,295-\$95,707). See Finding Number 3a at Attachment I, *Findings and Recommendations* for consideration of projected questioned and disallowed costs.

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 CPS Client Short Term Counseling  
 For the Period of January 1, 2015 to May 31, 2015

Budget Items	Actual Claim Amount <sup>(i)</sup>	Questioned Costs <sup>(ii)</sup>	Disallowed Costs <sup>(ii)</sup>
Individual, Family, Conjoint Sessions	\$ 9,440		55
Mental Health Assessment	900	75	
CPS Authorized Groups (Anger Management)	4,950		
<b>Total</b>	<b>\$ 15,290</b>	<b>75</b>	<b>55</b>
<b>Projection</b>		<b>335 <sup>(iii)</sup></b>	<b>335 <sup>(iv)</sup></b>
<b>Total</b>		<b>\$ 410</b>	<b>\$ 390</b>

<sup>(i)</sup> Actual Claim Amount column represents the entire amount claimed by Terra Nova Counseling (Terra Nova) for January 1, 2015 to May 31, 2015 for the CPS Client Short Term Counseling programs.

<sup>(ii)</sup> See Finding Number 3b at Attachment I, *Findings and Recommendations* for consideration of questioned and disallowed costs.

<sup>(iii)</sup> Projected questioned costs are based on extrapolating the questioned costs totaling \$75 (\$0 and \$75), for March 2015 and May 2015, respectively, with the assumption that the same error rate will be found if we test the entire population of the period. See Finding Number 3b at Attachment I, *Findings and Recommendations*.

<sup>(iv)</sup> Projected disallowed costs are based on extrapolating the disallowed costs totaling \$55 (\$0 and \$55), for March 2015 and May 2015, respectively, with the assumption that the same error rate will be found if we test the entire population of the period. See Finding Number 3b at Attachment I, *Findings and Recommendations*.

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 CPS Client Short Term Counseling  
 For the Period of June 1, 2015 to May 31, 2016

<b>Budget Items</b>	<b>Actual Claim Amount</b> <sup>(i)</sup>	<b>Questioned Costs</b> <sup>(ii)</sup>	<b>Disallowed Costs</b>
Individual, Family, Conjoint Sessions	\$ 17,455		
Mental Health Assessment	1,200		
CPS Authorized Groups (Anger Management)	13,800	100	
<b>Total</b>	<b>\$ 32,455</b>	<b>100</b>	
<b>Projection</b>		<b>1,859</b> <sup>(iii)</sup>	
<b>Total</b>		<b>\$ 1,959</b>	<b>\$</b>

- <sup>(i)</sup> Actual Claim Amount column represents the entire amount claimed by Terra Nova during the respective months for the CPS Client Short Term Counseling programs.
- <sup>(ii)</sup> See Finding Number 3b at Attachment I, *Findings and Recommendations* for consideration of questioned and disallowed costs.
- <sup>(iii)</sup> Projected questioned costs are based on extrapolating the questioned costs totaling \$100 (\$50 and \$50), for October 2015 and January 2016, respectively, with the assumption that the same error rate will be found if we test the entire population of the period. See Finding Number 3b at Attachment I, *Findings and Recommendations*.

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 CPS Client Short Term Counseling  
 For the Period of June 1, 2016 to December 31, 2016

Budget Items	Actual Claim Amount <sup>(i)</sup>	Questioned Costs <sup>(ii)</sup>	Disallowed Costs <sup>(ii)</sup>
Individual, Family, Conjoint Sessions	\$ 11,545	715	25
Mental Health Assessment	525		
CPS Authorized Groups (Anger Management)	5,250		
<b>Total</b>	<b>\$ 17,320</b>	<b>715</b>	<b>25</b>
<b>Projection</b>		<b>5,109 <sup>(iii)</sup></b>	<b>392 <sup>(iv)</sup></b>
<b>Total</b>		<b>\$ 5,824</b>	<b>\$ 417</b>

<sup>(i)</sup> Actual Claim Amount column represents the entire amount claimed by Terra Nova during the respective months for the CPS Client Short Term Counseling programs.

<sup>(ii)</sup> See Finding Number 3b at Attachment I, *Findings and Recommendations* for consideration of questioned and disallowed costs.

<sup>(iii)</sup> Projected questioned costs are based on extrapolating the questioned costs totaling \$715 (\$660 and \$50), for September 2016 and November 2016, respectively, with the assumption that the same error rate will be found if we test the entire population of the period. See Finding Number 3b at Attachment I, *Findings and Recommendations*.

<sup>(iv)</sup> Projected disallowed costs are based on extrapolating the disallowed costs totaling \$25 (\$0 and \$25), for September 2016 and November 2016, respectively, with the assumption that the same error rate will be found if we test the entire population of the period. See Finding Number 3b at Attachment I, *Findings and Recommendations*.

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 Schedule of Outstanding DUI Program Fees  
 DUI Revenue Agreement  
 For the Period of January 1, 2015 to June 30, 2015

Quarters Tested	Total Fees Collected <sup>(i)</sup>	State Quarterly License Fees Paid to the State <sup>(ii)</sup>	Total Fees Collected Less State Quarterly License Fees Paid to the State <sup>(iii)</sup>	5% of Total Fees Collected Less State Quarterly License Fees Paid to the State <sup>(iv)</sup>	Amount Reimbursed to DHHS <sup>(v)</sup>	Amount Due to DHHS <sup>(vi)</sup>
January - March 2015	\$ 266,972	2,860	264,112	13,206	6,380	6,826
April - June 2015	269,518	2,580	266,938	13,347	13,059	288
<b>Total</b>	<b>\$ 536,490</b>	<b>5,440</b>	<b>531,050</b>	<b>26,553</b>	<b>19,439</b>	<b>7,114</b>

- (i) Total Fees collected represents the amount of fees that were collected by Terra Nova Counseling (Terra Nova) for every quarter, as listed on the Collections Reports.
- (ii) These amounts are the state surcharge that Terra Nova is required to pay directly to the State of California. These amounts were obtained from the Quarterly Licensing and Participant Enrollment Report.
- (iii) This is the difference between the Total Fees that were collected less the state surcharge fee.
- (iv) This column represents the amount of collected fees that Terra Nova is required to reimburse County of Sacramento, Department of Health and Human Services (DHHS). It is based on the reimbursement amount of 5% multiplied by column IV.
- (v) Amount reimbursed to the County is the amount of reimbursement that was received by DHHS.
- (vi) This is the difference between column IV and V. It is the amount that is due to DHHS, per the Revenue Agreement with Terra Nova. See Finding Number 3c at Attachment I, *Findings and Recommendations*.

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Quarters Tested	Total Fees Collected <sup>(i)</sup>	State Quarterly License Fees Paid to the State <sup>(ii)</sup>	Total Fees Collected Less State Quarterly License Fees Paid to the State <sup>(iii)</sup>	5% of Total Fees Collected Less State Quarterly License Fees Paid to the State <sup>(iv)</sup>	Amount Reimbursed to DHHS <sup>(v)</sup>	Amount Due to DHHS <sup>(vi)</sup>
July - September 2015	\$ 263,324	2,580	260,744	13,037	12,367	670
October - December 2015	231,720	1,970	229,750	11,488	10,967	521
January - March 2016	241,864	2,620	239,244	11,962	11,621	341
April - June 2016	220,113	1,860	218,253	10,913	10,472	441
<b>Total</b>	<b>\$ 957,021</b>	<b>9,030</b>	<b>947,991</b>	<b>47,400</b>	<b>45,427</b>	<b>1,973</b>

- (i) Total Fees collected represents the amount of fees that were collected by Terra Nova for every quarter, as listed on the Collections Reports.
- (ii) These amounts are the state surcharge that Terra Nova is required to pay directly to the State of California. These amounts were obtained from the Quarterly Licensing and Participant Enrollment Report.
- (iii) This is the difference between the Total Fees that were collected less the state surcharge fee.
- (iv) This column represents the amount of collected fees that Terra Nova is required to reimburse DHHS. It is based on the reimbursement amount of 5% multiplied by column IV.
- (v) Amount paid to the County is the amount of reimbursement that was received by DHHS.
- (vi) This is the difference between column IV and V. It is the amount that is due to DHHS, per the Revenue Agreement with Terra Nova. See Finding Number 3c at Attachment I, *Findings and Recommendations*.

County of Sacramento  
 Department of Health and Human Services  
 Terra Nova Counseling  
 Fiscal Monitoring  
 Schedule of Outstanding DUI Program Fees  
 DUI Revenue Agreement  
 For the Period of July 1, 2016 to December 31, 2016

Quarters Tested	Total Fees Collected <sup>(i)</sup>	State Quarterly License Fees Paid to the State <sup>(ii)</sup>	Total Fees Collected Less State Quarterly License Fees Paid to the State <sup>(iii)</sup>	5% of Total Fees Collected Less State Quarterly License Fees Paid to the State <sup>(iv)</sup>	Amount Reimbursed to DHHS <sup>(v)</sup>	Amount Due to DHHS <sup>(vi)</sup>
July - September 2016	\$ 227,637	2,610	225,027	11,251	11,313	(62)
October - December 2016	223,295	2,190	221,105	11,055	10,807	248
<b>Total</b>	<b>\$ 450,932</b>	<b>4,800</b>	<b>446,132</b>	<b>22,306</b>	<b>22,120</b>	<b>186</b>

- <sup>(i)</sup> Total Fees collected represents the amount of fees that were collected by Terra Nova for every quarter, as listed on the Collections Reports.
- <sup>(ii)</sup> These amounts are the state surcharge that Terra Nova is required to pay directly to the State of California. These amounts were obtained from the Quarterly Licensing and Participant Enrollment Report.
- <sup>(iii)</sup> This is the difference between the Total Fees that were collected less the state surcharge fee.
- <sup>(iv)</sup> This column represents the amount of collected fees that Terra Nova is required to reimburse DHHS. It is based on the reimbursement amount of 5% multiplied by column IV.
- <sup>(v)</sup> Amount paid to the County is the amount of reimbursement that was received by DHHS.
- <sup>(vi)</sup> This is the difference between column IV and V. It is the amount that is due to DHHS, per the Revenue Agreement with Terra Nova. See Finding Number 3c at Attachment I, *Findings and Recommendations*.

See Independent Accountant's Report on Applying Agreed-Upon Procedures

County of Sacramento  
Department of Health and Human Services  
Terra Nova Counseling  
Fiscal Monitoring

Schedule of Questioned and Disallowed Costs and Outstanding Program Fees (Summary)  
For the Periods January 1, 2015 to June 30, 2015, July 1, 2015 to June 30, 2016,  
and July 1, 2016 to December 31, 2016

**MENTAL HEALTH SERVICES**

	<b>January 1, 2015 to June 30, 2015</b>	<b>July 1, 2015 to June 30, 2016</b>	<b>July 1, 2016 to December 31, 2016</b>	<b>Grand Total</b>
Questioned Costs <sup>(I)</sup>	\$ 159,181	106,442	42,610	308,233
Projected Questioned Costs <sup>(I)</sup>	2,718,271	1,731,041	202,383	4,651,695
<b>Total Questioned Costs</b>	<b>\$ 2,877,452</b>	<b>1,837,483</b>	<b>244,993</b>	<b>4,959,928</b>
Disallowed Costs <sup>(II)</sup>	\$ 27,558		168	27,726
Projected Disallowed Costs <sup>(II)</sup>			818	818
<b>Total Disallowed Costs</b>	<b>\$ 27,558</b>		<b>986</b>	<b>28,544</b>

**CPS CLIENT SHORT TERM COUNSELING**

	<b>January 1, 2015 to May 31, 2015</b>	<b>June 1, 2015 to May 31, 2016</b>	<b>June 1, 2016 to December 31, 2016</b>	<b>Grand Total</b>
Questioned Costs <sup>(I)</sup>	\$ 75	100	715	890
Projected Questioned Costs <sup>(I)</sup>	335	1,859	5,109	7,303
<b>Total Questioned Costs</b>	<b>\$ 410</b>	<b>1,959</b>	<b>5,824</b>	<b>8,193</b>
Disallowed Costs <sup>(II)</sup>	\$ 55		25	80
Projected Disallowed Costs <sup>(II)</sup>	335		392	727
<b>Total Disallowed Costs</b>	<b>\$ 390</b>		<b>417</b>	<b>807</b>

**DUI PROGRAM FEES**

	<b>January 1, 2015 to June 30, 2015</b>	<b>July 1, 2015 to June 30, 2016</b>	<b>July 1, 2016 to December 31, 2016</b>	<b>Grand Total</b>
Outstanding DUI Program Fees <sup>(III)</sup>	\$ 7,114	1,973	186	9,273

<sup>(I)</sup> See Attachment I, *Findings and Recommendations* for consideration of Questioned Costs and Projected Questioned Costs.

<sup>(II)</sup> See Attachment I, *Findings and Recommendations* for consideration of Disallowed Costs and Projected Disallowed Costs.

<sup>(III)</sup> See Attachment I, *Findings and Recommendations* for consideration of Outstanding DUI Program Fees.