

**REPORT
ON THE
DRUG MEDI-CAL AUDIT**

**ASIAN PACIFIC COMMUNITY COUNSELING
SACRAMENTO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 343482**

**FISCAL PERIOD ENDED
JUNE 30, 2014**

**DMC Audits Section
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: LANIS CLARK
Audit Supervisor: GENE BANNISTER
Auditor: ABHILASHA TIWARY**



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

April 17, 2018

Uma K. Zykofsky, Deputy Director, AOD Administrator
Sacramento County Health and Human Services
Alcohol & Drug Administrator
7001-A East Parkway Suite 400
Sacramento, CA 95823-2501

ASIAN PACIFIC COMMUNITY COUNDELING
PROVIDER NUMBER: 343482
FISCAL PERIOD ENDED JUNE 30, 2014

We have examined the Provider's Substance Abuse Treatment and Prevetnion Programs' (SAPT-Block Grant) Cost Report for the above-referenced fiscal period. We made our examination under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the audited final settlement for the fiscal period due the State in the amount of \$14,123 presented in the Final Cost Report Settlement Summary represents a proper determination in accordance with SAPT Block Grant (BG) reimbursement principles of applicable programs. This amount consists of SAPT Primary Prevention Set Aside overpayment (\$14,123). See Schedule 1.

This audit report includes the:

- Management and Financial Findings and Recommendations
- Final Cost Report Settlement Summary

Uma K. Zykofsky, Deputy Director, AOD Administrator

Notwithstanding this audit report, overpayments to the Contractor are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

The Welfare and Institutions Code, Section 14171 contains the procedures that govern an appeal. You may request a hearing for any disputed audit or examination finding by filing a Statement of Disputed Issues, as defined in the California Code of Regulations, Title 22, Section 51022. You must file the written request with the Department within 60 calendar days from the date you receive this letter.

Send the Statement of Disputed Issues and a copy of this letter to the following:

Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals, MS 0016
3831 N. Freeway Boulevard, Suite 200
Sacramento, CA 95834
(916) 322-5603

A copy of the audit appeals process is enclosed for your convenience (Appendix C).

If you have further questions regarding this report you may call the Audits Section at (916) 750-1159.



Lanis Clark, Chief
DMC Audits Section
Financial Audits Branch

Certified

cc: Lakshmi Malrouu, Chief Operations Officer
Asian Pacific Community Counseling
lmalrouu@apccounseling.org

COUNTY OF SACRAMENTO
SUBSTANCE USE DISORDER PROGRAMS
ASIAN PACIFIC COMMUNITY COUNSELING
PROVIDER NUMBER: 343482
JULY 1, 2013 THROUGH JUNE 30, 2014

FINAL AUDIT REPORT

April 17, 2018



Division of Audits and Investigations

Financial Audits Branch

LANIS CLARK
Section Chief
DMC Audits Section

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COUNTY OF SACRAMENTO
SUBSTANCE USE DISORDER PROGRAMS
ASIAN PACIFIC COMMUNITY COUNSELING
JULY 1, 2013 THROUGH JUNE 30, 2014

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COUNTY OF SACRAMENTO
SUBSTANCE USE DISORDER PROGRAMS
ASIAN PACIFIC COMMUNITY COUNSELING
JULY 1, 2013 THROUGH JUNE 30, 2014

INTRODUCTION

The Department has audited the Substance Use Disorder (SUD) Programs of Asian Pacific Community Counseling (APCC), the Provider number 343482. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

The Financial Audit Branch thanks APCC for their time, information, and cooperation during the audit process.

BACKGROUND

APCC provides Alcohol and Drug Prevention Services to Asian and Pacific Islander youths and adults in Sacramento County . The Prevention Services include Information Dissemination, Education, Alternative Activities and Community- Based Process.

APCC is located at 7273 14th Avenue in Sacramento , California.

APCC entered into a contract with the County of Sacramento to provide Primary Prevention Services for the period July 1, 2013 through June 30, 2014.

For the contract period, the funding sources were SAPT Primary Prevention Set Aside.

**AUDIT SCOPE, OBJECTIVES,
AND METHODOLOGY**

The scope of our audit was for the period July 1, 2013 through June 30, 2014. We limited the scope to the reimbursement of SUD costs. As part of this examination, we wanted to determine that APCC allocated costs to the Primary Prevention Program on a fair and equitable basis.

Our objective in this audit was to ensure that: (1) cost reports as settled reconcile to the Contractor's cost report and related financial records; (2) a proper accounting system and related documentation were maintained to support reported revenues and expenses; and (3) reported costs were allowable and reasonable.

We did not review APCC 's internal controls except as deemed necessary to determine whether a lack of control procedures and/or compliance with existing control procedures may have contributed to the reported financial findings.

In the contents of this audit report, APCC shall be referred to as Contractor, the Department of Health Care Services as DHCS, and the County of Sacramento as County.

This report is intended solely for the use of DHCS' management, the County, and the Contractor. This restriction does not limit the distribution of this report, which is a matter of public record.

SUMMARY OF FINDINGS (CONCLUSION)

We have audited the Contractor's SUD program and found that:

- Inadequate Controls over Timesheet . (See Management Finding No. 1)
- Insufficient Supporting Documents of Payroll Register. (See Management Finding No. 2)
- Unallowable Operating Expense Items total of \$2,584. (See Financial Finding No. 1)
- Unapproved Expense Items total of \$5,716. (See Financial Finding No. 2)
- Unreasonable and unsupported Indirect Cost items total of \$4,975. (See Financial Finding No. 3)
- Unsupported Operating Expenses of \$848. (See Financial Finding No. 4)

COUNTY OF SACRAMENTO
SUBSTANCE USE DISORDER PROGRAMS
ASIAN PACIFIC COMMUNITY COUNSELING
JULY 1, 2013 THROUGH JUNE 30, 2014

MANAGEMENT FINDINGS AND RECOMMENDATIONS

MANAGEMENT FINDING NO. 1- INADEQUATE SUPPORTING DOCUMENTS OF PAYROLL REGISTER

Auditor attempted to reconcile the payroll expense for Primary Prevention and Entire Organization. The amount reported for payroll expenses in the Prevention Programs' General Ledger (G/L) was \$67,215 including fringe benefits. However, on the Payroll register, the amount of salary and wages expenses was audited \$73,944. The variance of \$6,729 between the Contractor's G/L and Payroll Register was found.

Contractor's Accountant explained the reason for this discrepancy is that Contractor used different firms for the payroll distribution such as Daily Balance and Automatic Data Processing (ADP) services for payroll payment. Both companies (Daily Balance and ADP) have different format to record the payroll distribution and method of recording payroll expense.

Please see a table below for the variance between the Payroll register and G/L.

TOTAL PAYROLL COSTS FOR FY 2013/2014	Gross Salary and Wages in Payroll Register	Variance	Gross Salary and Wages in General Ledger
July 2013 to December 2013	\$ 33,515		
January 2014 to March 2014	21,871		
April 2014 to June 2014	18,558		
Total Salary and Wages Cost			\$ 57,562
Fringe Benefits Billed			9,653
Total Salary and Wages Cost	\$ 73,944	\$ 6,729	\$ 67,215

After the exit conference, the Contractor's accountant provided some additional supporting documents showing the reconciliation and adjustments for the entire organization's salary and wages expenses. However, the reconciliation of payroll expense for the Prevention Program which we audited remained unreconciled and unsupported.

CRITERIA:

CMS Pub. 15-1 Section 2304 states in part,

“Cost information as developed by Contractor must be current, accurate, and in sufficient detail to support payments made for services rendered to beneficiaries. This includes all ledgers, books, records and original evidences of cost (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor time cards, payrolls, bases for apportioning costs, etc.), which pertain to the determination of reasonable cost, capable of being audited.”

“Financial and statistical records should be maintained in a consistent manner from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures, provided that full disclosure of significant change is made to the intermediary.”

RECOMMENDATIONS:

We recommend the following:

- Contractor reconciles the expenditures for salary and benefit reported in payroll register with the payroll expenditures recorded in GL for Primary Prevention program.
- Contractor maintains adequate supporting documents which are easy to follow and consistent with supporting documents.

MANAGEMENT FINDING NO. 2- INADEQUATE TIMESHEET AND PAYROLL REGISTER

During the verification of payroll expenses, we selected three months of payroll journal entries to verify the accuracy of payroll computation. The selected months for testing the payroll computation were July 2013, September 2013, and June 2014. We found that some of the timesheets have incorrect information and/or missing information. For example, timesheets have an incorrect date for the pay period and missing supervisor signature.

Please see a table below for details:

Sample of Inaccurate Timecard								
Pay Period	Hours per Time Sheet	Variance	Total Hours per PAYROLL	Check date in Payroll register	Total Expenses	Employee Signature	Supervisor Signature/ Executive Director	Comments
6/13/2012-6/30/2012	96	0	96	8/9/2013	\$ 1,800	X	X	Date was incorrect
2/1/2014-2/15/2014	88	0	88	5/23/2014	1570	X	X	Date was incorrect
5/16/2014-5/30/2014	52	0	52	7/10/2014	801	X	X	Date was incorrect
3/16/2014-3/31/2014	88	88	0			X	X	No record of payment
3/15/2014-3/31/2014	44	44	0			X	X	No record of payment
3/16/2014-3/31/2014	52	52	0			X	X	No record of payment
9/1/2013-9/15/2013	80	0	80	9/25/2013	1542	X	No	No supervisor signature
9/16/2013-9/30/2013	88	0	88	10/10/2013	1671	X	No	No supervisor signature
	588	184	404		\$ 7,384			

As a result of these discrepancies, this could result in a potential disallowance of \$7,383.94 in the cost report. However, there is no financial impact to the cost report because the Auditor verified payroll data through additional testing.

CRITERIA:

The Contractor Reimbursement Manual, CMS-Pub.15-1, Sections 2304 states:

“Cost information as developed by the Contractor must be current, accurate, and sufficient detail to support payments made for services rendered to beneficiaries. This includes all ledgers, books, records and original evidences of cost (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor time cards, payrolls, bases for apportioning costs, etc.), which pertain to the determination of reasonable cost, capable of being audited.”

“Financial and statistical records should be maintained in a consistent manner from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures, provided that full disclosure of significant change is made to the intermediary.”

45 CFR 96.30(a) states in pertinent part:

“Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant [Block Grant]”.

RECOMMENDATIONS:

We recommend the Contractor do the following:

- Ensure all timesheets are signed and authorized by management.
- Ensure the review and checking of payroll and supporting documents before making final payment to employees.

COUNTY OF SACRAMENTO
 SUBSTANCE USE DISORDER PROGRAMS
 ASIAN PACIFIC COMMUNITY COUNSELING
 JULY 1,2013 THROUGH JUNE 30, 2014

FINANCIAL FINDINGS AND RECOMMENDATIONS

FINANCIAL FINDING NO.1- UNALLOWABLE EXPENSE ITEMS

Contractor claimed expenses of \$2,584 on the Cost report and G/L. Auditor found that the expenses were not program related. The expenses included cash cards, gas cards, and promotional items for volunteers and clients. According to the Contractor, the gift cards and promotional items were awarded to clients and volunteers working for the prevention programs.

Please see a table below for unallowable cost items.

Expense	Disallowance Amount after Adjustment	Discreption
Promotional items	\$298	Advertising
T Shirt	402	Advertising
Volunteer Stipend	100	Gift Card
Mileage Reimbursement	21	Unrelated Cost
Gift Card for SWAGG CARDS FOR SW	687	Gift Card
Program Food Closet	477	Gift Card
Volunteer Stipend	600	Gift Card
Total Unallowable cost	\$2,584	

These are unallowable costs and should not be claimed under primary prevention program because they are unnecessary costs. As a result of the disallowance, the cost report will be decreased by \$2,584 after the final adjustment.

CRITERIA:

2 CFR 225 Appendix B, 1.f states in pertinent part:

“f. Unallowable advertising and public relations costs include the following:...(2) Costs of meetings, conventions, convocations, or other events related to other activities of the governmental unit, including: (a) Costs of displays, demonstrations, and exhibits;... (3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs; (4) Costs of advertising and public relations designed solely to promote the governmental unit.”

2 CFR 225 Appendix B, 17.a states:

“Fund raising and investment management costs. a. Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.”

2 CFR 225 Appendix B, 12.b(1) states in part:

“b. Donated services received: (1) Donated or volunteer services may be furnished to a governmental unit by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost.”

2 CFR 225 Appendix B, 14 states:

“14. Entertainment. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs **(such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities)** are unallowable. [emphasis added].”

RECOMMENDATIONS:

We recommend the following:

- A decrease in the amount of \$2,584 in the cost report.
- SAPT Block Grant funds only be used for allowable program related expenditures.
- Contractor keeps record of all supporting documents linked to the cost report and G/L.

FINANCIAL FINDING NO. 2- UNAPPROVED EQUIPMENT EXPENSE ITEMS

Contractor purchased equipment such as Cameras and Computers and claimed them under the prevention program without the County approval. The total purchased cost were \$5,716 including professional installing service.

Please see a table below for details:

Expenses without County Approval Per Contract				
Equipment	Quantity	Unit Price	Amount	Reason
Cameras	3	500	\$ 1,500	No Supporting Documents
Lenovo Think Pad Edge	3	777	2,332	No Supporting Documents
Professional Service	12	135	1,620	No Supporting Documents
Tax & Shipping			264	No Supporting Documents
Total Disallowed cost			\$ 5,716	

As a result of the disallowance, the equipment cost will be decreased by \$5,716.

CRITERIA:

Based on Contract agreement made July 1, 2013 between the County and Contractor Exhibit D, page 5 of 9 under equipment: states:

A-“Contractor shall submit a written request to purchase any publicly equipment over \$300 to County. County shall review shall review the request it to the appropriate Sate agency for approval when necessary. County shall not purchase the equipment until all necessary approvals are obtained.”

B-“For all publicly funded equipment over \$ 300, Contractor shall provide County with the manufacturer’s name, model name, and serial number and actual cost including taxes, within (10) days after equipment is received and installed. County retains ownership of the equipment. The equipment may be enter on County’s fixed asses inventory, shall be physically inventoried annually, and shall be returned to County at the end of its useful life or when County funding of the program ends, whichever occurs first.”

RECOMMENDATIONS:

We recommend the following:

- The cost report be reduced by \$5,716.
- Contract limitations and standards along with rules and regulations be followed.

- Total equipment cost be reallocated among other programs because those programs (TWC, SCC, Area 4, and Admin) benefited from the computers and cameras as well.

FINANCIAL FINDING NO. 3- UNSUPPORTED AND UNREASONABLE INDIRECT COST

Contractor reported and charged \$6,214 in the cost report and in G/L as an "Indirect Cost Billed" for expenses that were unsupported and unreasonable. Auditor found that the Contractor's Accountant used 10% of personnel salary and wages expenses to generate the indirect cost to cover the Primary Prevention Program's indirect expenses without going over budget for indirect cost billed.

When Auditor asked what the indirect cost comprised off, Contractor said that it covered Administrative, HR, Fringe benefits and Janitorial services cost etc. According to the Contractor, "Two indirect employees were paid from indirect cost of the Prevention Program for the entire year as they performed administrative, HR and executive duties for the program."

However, Auditor found that these expenses are already covered and reported under direct cost such salary, wages and janitorial services. For example, per Contractor's Accountant, "two indirect employees had 4 "stipend" checks each run through payroll this month per the board for their extra duties as co-executive directors. 20% of each of these stipends were to go to Prevention."

In addition, Contractor arbitrary charged 20% of these two indirect employees' monthly paycheck and claimed to prevention program without keeping a track of hours spent on the prevention program. Since the two indirect employees were salary based and worked for different programs (TWC, SCC, Area 4, and Admin), it was essential to allocate indirect employee's hours in timesheet by each program.

Auditor was unable to reconcile the salary and wages expense without the sufficient documentation and the reliability of the indirect cost could not be verified. Therefore, indirect cost will be disallowed.

However, after the exit conference, Contractor furnished additional documents supporting the indirect cost totaling \$1,238. Therefore, the disallowed amount decreased to \$4,976 after adjustment.

Please see a table below for expenses charged for indirect cost.

Indirect Cost Billed				
Expenses	Total Amount	Allowable Cost after adjustment	Unallowable Cost after adjustment	Reason
Monthly allocation per excel	\$6,2134	\$1,238	\$4,976	Unsupported and Unreasonable cost

As a result, the indirect cost charged to Primary Prevention Program of \$4,976 will remain unallowable due to insufficient linking documents.

CRITERIA:

Title 2 Code of Federal Regulations Part 225, Appendix E, states:

“General – Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to directly to Federal awards and assigned.....A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost. “

Contact Agreement, Exhibit D, VIII Records (C) Page 4 of 9 states:

“The Contractor shall maintain complete financial records that clearly reflect actual cost of staffing, supplies services and activates as they relate to each type of service for which payment I claimed.”

RECOMMENDATIONS:

We recommend the following:

- The cost report be reduced by \$4,976.
- The hours of indirect personnel performing administrative activities be allocated according to programs.
- The Contractor maintains supporting detail of hours spent by activity of each staff working on Prevention Program.
- The Contractor develops and maintains written procedures to explain the indirect cost charged.

FINANCIAL FINDING NO. 4- UNSUPPORTED OPERATING EXPENSES

Auditor requested the supporting documents to verify the cost of operating expenses selected from Contractor's G/L for testing purpose. Contractor provided some of the supporting documents. However, Auditor did not receive the supporting documentation for the operating expenses listed below.

Therefore, the total of \$848 will be disallowed from the cost report.

Expenses	Amount	Reason
Clothing Food and Hygiene	180	No supporting document
Equipment/assets purchase	668	No supporting document
Total disallowance amount	\$848	

CRITERIA:

The Contractor Reimbursement Manual, CMS- PUB. 15-1 section 2304

"Cost information as developed by the Contractor must be current, accurate, and in sufficient detail to support payments made for services rendered to beneficiaries. This includes all ledgers, books, records and original evidences of cost (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor time cards, payrolls, bases for apportioning costs, etc.), which pertain to the determination of reasonable cost, capable of being audited."

"Financial and statistical records should be maintained in a consistent manner from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures, provided that full disclosure of significant change is made to the intermediary."

The Contractor Reimbursement Manual, CMS- PUB. 15-1 section 2304.1 states:

"Availability of Records of Contractors.-A participating Contractor of services must make available to its intermediary its fiscal and other records for the purpose of determining its ongoing record keeping capability. The intermediary's examination of such records and documents are necessary to ascertain information pertinent to the determination of the proper amount of program payments due the Contractor."

45 CFR 413.24 Adequate cost data and cost finding (a) states in pertinent part:

“Principle. Contractors receiving payment based on reimbursable cost must provide adequate cost data. This must be based on their financial and statistical records, which must be capable of verification, by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual basis of accounting, except for – (1) Governmental institutions which operate on a cash basis method of accounting. Cost data based on such basis of accounting will be acceptable subject to appropriate treatment of capital expenditures.”

RECOMMENDATIONS:

We recommend the following:

- The cost report be reduced by \$848.
- The Contractor maintains adequate supporting documentation traceable to G/L.

SETTLEMENT COMPUTATION SCHEDULES

COUNTY OF SACRAMENTO
 SUBSTANCE USE DISORDER PROGRAMS
 PRIMARY PREVENTION
 ASIAN PACIFIC COMMUNITY COUNSELING
 JULY 1, 2013 THROUGH JUNE 30, 2014

FINAL COST REPORT SETTLEMENT SUMMARY

BY PROGRAM

<u>Programs</u>	Amount Due (County) Contractor	Amount Due (State) County	Reference
ALTERNATIVES	(\$8,018)	(\$8,018)	Schedule 2
COMMUNITY -BASED PROCESS	(3,162)	(3,162)	Schedule 3
INFORMATION DISSEMINATION	(225)	(225)	Schedule 4
EDUCATION	(2,718)	(2,718)	Schedule 5
Total (Over) Underpaid	<u>(\$14,123)</u>	<u>(\$14,123)</u>	

BY FUNDING SOURCE

<u>Funding Sources</u>	Amount Due (County) Contractor	Amount Due (State) County	Reference
SAPT Primary Prevention FFY 2013	(\$3,531)	(\$3,531)	From Schedule A
SAPT Primary Prevention FFY 2014	(10,592)	(10,592)	From Schedule A
Federal SAPT	(\$14,123)	(\$14,123)	
Total State (Over) Underpayments	<u>(\$14,123)</u>	<u>(\$14,123)</u>	Amount Due State
County Funding	<u>\$0</u>	<u>\$0</u>	
Total County (Over) Underpayments	<u>\$0</u>	<u>\$0</u>	
Total (Over) Underpaid	<u>(\$14,123)</u>	<u>(\$14,123)</u>	

COUNTY OF SACRAMENTO
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 PRIMARY PREVENTION
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ALTERNATIVES
 PROVIDER NUMBER: 343482
 CONTRACT NUMBER: 7206000-14-004

COST REPORT SETTLEMENT

	<u>As Settled</u>	<u>Audit Adjustments</u>	<u>As Audited</u>	<u>Reference</u>
Gross Costs	\$64,208	(\$8,018)	\$56,189	Schedule B
Revenues:				
Non-County Revenue	\$0	\$0	\$0	
Insurance	0	0	0	
Client Fees	0	0	0	
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Net Costs	<u>\$64,208</u>	<u>(\$8,018)</u>	<u>\$56,189</u>	
Contract Limitation			<u>\$113,096</u>	

County/Contractor Settlement

Lower of Net Costs or Contract Limitation	\$56,189	Net Costs
County Payments	(64,208)	See Below
Amount Due (County) Contractor	<u>(\$8,018)</u>	

Note: This schedule reflects total program costs.

<u>County Payments by Funding Source</u>	<u>Amount</u>	<u>Percent</u>	<u>Prorate Adjustment</u>	<u>Reference</u>
SAPT Primary Prevention FFY 2013	\$16,053	25.00%	(\$2,005)	To Schedule A
SAPT Primary Prevention FFY 2014	48,155	75.00%	(6,014)	To Schedule A
	<u>\$64,208</u>	<u>100.00%</u>	<u>(\$8,018)</u>	

COUNTY OF SACRAMENTO
 SUBSTANCE USE DISORDER PROGRAMS
 PRIMARY PREVENTION
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COMMUNITY -BASED PROCESS
 PROVIDER NUMBER:343482
 CONTRACT NUMBER:7206000-14-004

COST REPORT SETTLEMENT

	<u>As Settled</u>	<u>Audit Adjustments</u>	<u>As Audited</u>	<u>Reference</u>
Gross Costs	\$25,320	(\$3,162)	\$22,158	Schedule B
Revenues:				
Non-County Revenue	\$0	\$0	\$0	
Insurance	0	0	0	
Client Fees	0	0	0	
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Net Costs	<u>\$25,320</u>	<u>(\$3,162)</u>	<u>\$22,158</u>	
Contract Limitation			<u>\$113,096</u>	

County/Contractor Settlement

Lower of Net Costs or Contract Limitation	\$22,158	Net Costs
County Payments	<u>(25,320)</u>	See Below
Amount Due (County) Contractor	<u>(\$3,162)</u>	

Note: This schedule reflects total program costs.

<u>County Payments by Funding Source</u>	<u>Amount</u>	<u>Percent</u>	<u>Prorate Adjustment</u>	<u>Reference</u>
SAPT Primary Prevention FFY 2013	\$6,330	25.00%	(\$791)	To Schedule A
SAPT Primary Prevention FFY 2014	18,990	75.00%	<u>(2,372)</u>	To Schedule A
	<u>\$25,320</u>	<u>100.00%</u>	<u>(\$3,162)</u>	

COUNTY OF SACRAMENTO
 SUBSTANCE USE DISORDER PROGRAMS
 PRIMARY PREVENTION
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INFORMATION DISSEMINATION
 PROVIDER NUMBER:343482
 CONTRACT NUMBER:7206000-14-004

COST REPORT SETTLEMENT

	<u>As Settled</u>	<u>Audit Adjustments</u>	<u>As Audited</u>	<u>Reference</u>
Gross Costs	\$1,800	(\$225)	\$1,575	Schedule B
Revenues:				
Non-County Revenue	\$0	\$0	\$0	
Insurance	0	0	0	
Client Fees	0	0	0	
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Net Costs	<u>\$1,800</u>	<u>(\$225)</u>	<u>\$1,575</u>	
Contract Limitation			<u>\$113,096</u>	

County/Contractor Settlement

Lower of Net Costs or Contract Limitation	\$1,575	Net Costs
County Payments	(1,800)	See Below
Amount Due (County) Contractor	<u>(\$225)</u>	

Note: This schedule reflects total program costs.

<u>County Payments by Funding Source</u>	<u>Amount</u>	<u>Percent</u>	<u>Prorate Adjustment</u>	<u>Reference</u>
SAPT Primary Prevention FFY 2013	\$450	25.00%	(\$56)	To Schedule A
SAPT Primary Prevention FFY 2014	1,350	75.00%	(169)	To Schedule A
	<u>\$1,800</u>	<u>100.00%</u>	<u>(\$225)</u>	

COUNTY OF SACRAMENTO
 SUBSTANCE USE DISORDER PROGRAMS
 PRIMARY PREVENTION
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EDUCATION
 PROVIDER NUMBER:343482
 CONTRACT NUMBER:7206000-14-004

COST REPORT SETTLEMENT

	<u>As Settled</u>	<u>Audit Adjustments</u>	<u>As Audited</u>	<u>Reference</u>
Gross Costs	\$21,770	(\$2,718)	\$19,052	Schedule B
Revenues:				
Non-County Revenue	\$0	\$0	\$0	
Insurance	0	0	0	
Client Fees	0	0	0	
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Net Costs	<u>\$21,770</u>	<u>(\$2,718)</u>	<u>\$19,052</u>	
Contract Limitation			<u>\$113,096</u>	

County/Contractor Settlement

Lower of Net Costs or Contract Limitation	\$19,052	Net Costs
County Payments	(21,770)	See Below
Amount Due (County) Contractor	<u>(\$2,718)</u>	

Note: This schedule reflects total program costs.

<u>County Payments by Funding Source</u>	<u>Amount</u>	<u>Percent</u>	<u>Prorate Adjustment</u>	<u>Reference</u>
SAPT Primary Prevention FFY 2013	\$5,443	25.00%	(\$680)	To Schedule A
SAPT Primary Prevention FFY 2014	16,328	75.00%	(2,039)	To Schedule A
	<u>\$21,770</u>	<u>100.00%</u>	<u>(\$2,718)</u>	

COUNTY OF SACRAMENTO
 SUBSTANCE USE DISORDER PROGRAMS
 PRIMARY PREVENTION
 ASIAN PACIFIC COMMUNITY COUNSELING
 JULY 1, 2013 THROUGH JUNE 30, 2014

PRORATION OF AUDIT ADJUSTMENTS - COUNTY

SAPT and County Funds			
	SAPT Primary Prevention FFY 2013	SAPT Primary Prevention FFY 2014	SAPT & County Total
Schedule 2	(\$2,005)	(\$6,014)	(\$8,018)
Schedule 3	(791)	(2,372)	(3,162)
Schedule 4	(56)	(169)	(225)
Schedule 5	(680)	(2,039)	(2,718)
Total	(\$3,531)	(\$10,592)	(\$14,123)
	To Sch 1	To Sch 1	

SAPT Funds			
	SAPT Primary Prevention	SAPT Primary Prevention	SAPT Total
Schedule 2	(\$2,005)	(\$6,014)	(\$8,018)
Schedule 3	(791)	(2,372)	(3,162)
Schedule 4	(56)	(169)	(225)
Schedule 5	(680)	(2,039)	0
Total	(\$3,531)	(\$10,592)	(\$14,123)
	To Sch 1	To Sch 1	To Sch 1

COUNTY OF SACRAMENTO
 SUBSTANCE USE DISORDER PROGRAMS
 PRIMARY PREVENTION
 ASIAN PACIFIC COMMUNITY COUNSELING
 JULY 1, 2013 THROUGH JUNE 30, 2014

SUMMARY OF AUDIT ADJUSTMENTS

Reference	FINANCIAL ADJUSTMENTS				
	FINDING NO. 1	FINDING NO. 2	FINDING NO. 3	FINDING NO. 4	TOTAL
SCHEDULE 2	(\$1,467)	(\$3,245)	(\$2,825)	(\$481)	(\$8,018)
SCHEDULE 3	(579)	(1,280)	(1,114)	(190)	(3,162)
SCHEDULE 4	(41)	(91)	(79)	(13)	(225)
SCHEDULE 5	(497)	(1,100)	(958)	(163)	(2,718)
TOTAL	(\$2,584)	(\$5,716)	(\$4,976)	(\$848)	(\$14,123)

APPENDICES

- A. EXIT CONFERENCE PARTICIPANTS
- B. DISTRIBUTION LIST
- C. AUDIT APPEALS PROCESS

EXIT CONFERENCE PARTICIPANTS

An exit conference was held at the County's administrative office on November 17, 2017. We discussed the audit findings and recommendations in detail with those attending the exit conference and requested a written response from the Contractor. In attendance were:

CONTRACTOR

Lakshmi Malroutu
Chief Operations Officer

Eileen Necesia
Administrative Manager

COUNTY

Lori Miller
Program Manager

Janelle Grant
Accounting Manager

Cornejo Hazzel
Senior Accountant

Ed Dziuk
Human Services Program Planner B

DHCS

Gene Bannister
Supervisor

Abhilasha Tiwary
Auditor

DISTRIBUTION LIST

Lakshmi Malrouu, Chief Operations Officer
Asian Pacific Community Counseling

Uma K. Zykofsky, Deputy Director, AOD Administrator
Behavioral Health Services
Sacramento County Health and Human Services

Brenda Grealish, Acting Deputy Director
Mental Health and Substance Use Disorder Services

Don Braeger, Division Chief
SUD Program, Policy & Fiscal Division

Audit Appeals Coordinator, DHCS

**DEPARTMENT OF HEALTH CARE SERVICES
AUDIT APPEALS PROCESS**

The Office of Administrative Hearings and Appeals (OAHA), provides an audit appeal process for the Department of Health Care Services (DHCS). This is the process used to appeal financial findings that involve Drug Medi-Cal (DMC) funds or both DMC and non-DMC funds.

An appeal may be filed with OAHA if a county or a direct service Contractor disagrees with any financial audit finding.

If an appeal is filed with OAHA, an informal review will be scheduled by OAHA to resolve the facts and issues in dispute. The results of the informal review will be provided to both parties in the form of a written Report of Findings and will be considered as final unless a request for a formal hearing is filed with OAHA.

In formal hearings conducted by OAHA, a hearing officer will consider all pertinent legal issues through oral and written testimony of the parties. Subsequently, a proposed decision by the hearing officer will be issued for consideration and approval of the Director of DHCS.

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51022.

The following process is required to initiate an appeal process:

1. A written request of disagreement and a copy of the audit report's cover letter must be sent to each of the following within 60 calendar days from the date you receive this letter:

Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals, MS 0016
3831 N. Freeway Boulevard, Suite 200
Sacramento, CA 95834
(916) 322-5603

United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services, MS 0010
PO Box 997413
Sacramento, CA 95899
(916) 440-7700

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services, MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814
(916) 440-7700

2. The notice (referred to as a Statement of Disputed Issues) need not be formal, but it must be specific as to the issues in dispute, stating the specific grounds upon which objection to the specific item is based, and the estimated amount each issue involves.
3. The notice may incorporate by reference or paraphrase written disputes submitted to the county by a sub recipient/Contractor audited by DHCS. If incorporated by reference, a copy of the sub recipient/Contractor's written disputes should be attached.
4. The notice must be signed by an individual with the authority to represent the county or direct service Contractor, and the mailing address of that individual must be identified.
5. The Audit Appeals Coordinator will be responsible for further arrangements after receipt of the request.
6. A written Notice of Hearing of the time and place of the appeal proceedings will be mailed to each party at least thirty (30) calendar days before the date of these proceedings.