

COUNTY OF SACRAMENTO

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

INTERNAL AUDIT UNIT REPORT

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY FISCAL MONITORING AGREED-UPON PROCEDURES

DEPARTMENT OF CHILD, FAMILY, AND
ADULT SERVICES



Audit Committee Submittal Date: 02/27/2026

SUMMARY

Background

This fiscal monitoring Agreed-Upon Procedures was requested by Department of Child, Family, and Adult Services (DCFAS) as the Sacramento Housing and Redevelopment Agency (SHRA) was assessed as one of the high risk grant subrecipients based DCFAS' subrecipient risk assessment.

SHRA entered into a contract agreement with DCFAS for a Bring Families Home Program (Agreement) to support the County's Healthy Families Strategic Objective of ensuring that needy families and senior citizens have adequate food, shelter, and health care and to provide housing assistance to families served by Child Protective Services.

The scope of this agreed-upon procedures is for the period July 1, 2020 to June 30, 2022 for the Agreement 7207500-18/22-608.

Audit Objective

To assist DCFAS in assessing SHRA's compliance with the Agreement.

Summary

Based on our agreed-upon procedures performed, we noted several exceptions related to the Annual Financial Audit and Single Audit requirements, timing of invoice claim submissions, inappropriate records of general ledger, subrecipient monitoring, insufficient or missing supporting documentation of subrecipient's expense claims, and a discrepancy between expenses claimed and the supporting documentation.

Department of Finance

Chad Rinde

Director



County of Sacramento

Divisions

Auditor-Controller

Consolidated Utilities Billing &
Service

Investments

Revenue Recovery

Tax Collection & Licensing

Treasury

January 9, 2026

Shelby Boston, Director
Department of Child, Family, and Adult Services
County of Sacramento
9750 Business Park Drive, Suite 220
Sacramento, CA 95827

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Dear Ms. Boston:

We have performed the procedures enumerated on pages 2 and 3, which were requested and were agreed to by the Department of Child, Family, and Adult Services (DCFAS), to assist DCFAS in assessing Sacramento Housing and Redevelopment Agency's (SHRA) compliance with the agreement between DCFAS and SHRA (Agreement) listed below:

➤ Bringing Families Home:

- 7207500-18/22-608 for the period July 1, 2020 to June 30, 2022

DCFAS' management is responsible for monitoring SHRA's compliance with the Agreement.

SHRA is responsible for compliance with the Agreement. In performing our AUP engagement, we have relied solely on representations provided by DCFAS relating to SHRA's responsibility for compliance with the Agreement.

DCFAS has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of assessment of SHRA's compliance with the Agreement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the results are as follows:

Shelby Boston, Director

January 9, 2026

- 1) Internal Control – We reviewed SHRA’s written internal control policies and procedures including purchasing, vendor payments, payroll, claim submissions, cost allocations, general ledger, and financial report preparation. We also reviewed SHRA’s written procedures for program eligibility verification and services provided for its program listed in the Agreement.

Result: SHRA did not maintain adequate policies and procedures to meet audit requirements, submit invoice claims timely, and maintain accurate general ledger and supporting documentation. See ATT 2 – *Findings and Recommendations*.

- 2) Financial Statements – We reviewed SHRA’s financial audit reports for years ended December 31, 2020, 2021, 2022, and 2023 to identify any concerns or issues that require your attention.

Result: We noted some concerns related to audit submissions, SHRA’s independent auditor’s opinion, and audit findings. See ATT 2 – *Findings and Recommendations*.

- 3) Claim Submission – We obtained and reviewed SHRA’s monthly invoice claims for July 2020, September 2020, March 2021, July 2021, September 2021, and May 2022. We noted that 100% of SHRA’s invoice claims pertained to subcontract expenses claimed by its subrecipient, Volunteers of America (VOA). We haphazardly selected and tested 30 transactions per program year totaling 60 transactions from VOA’s general ledger for the selected months.

Result: We noted exceptions related to late submission of invoice claims, insufficient supporting documentation for expenses claimed and a discrepancy between a claimed amount and the supporting documentation. As a result, we noted a total of \$10,093.71 (\$10,921.41 and \$40.31 for fiscal years 2020/21 and 2021/22, respectively) and \$1.98 (for fiscal year 2020/21) of questioned and disallowed costs, respectively. See ATT 1 - *Schedule of Claimed, Disallowed, and Questioned Costs* and ATT 2 - *Findings and Recommendations*.

- 4) General Ledger – We traced SHRA’s total invoice claims for each contract year to its general ledger.

Result: We noted some concerns related to the general ledger transaction posting. See ATT 2 – *Findings and Recommendations*.

- 5) Subrecipient Monitoring – We reviewed SHRA’s subrecipient monitoring plan and 2018 monitoring report.

Result: We noted that SHRA had not done any subrecipient monitoring on VOA for the Bringing Families Home program since 2018. As a result, we noted questioned and disallowed costs as described in procedure #3. See ATT 2 – *Findings and Recommendations*.

Shelby Boston, Director

January 9, 2026

- 6) Match – We reviewed the matching requirements of the agreement and tested for any noncompliance.

Result: We did not note any exceptions from our review of the matching requirements.

- 7) Cost Allocations – We reviewed SHRA’s cost allocation policies and procedures to identify any concerns or issues that may require your attention. We tested the sample transactions described in procedure #3 above to identify any issues related to cost allocations.

Result: SHRA did not provide its cost allocation policies and procedures; however, 100% of SHRA’s invoice claims pertained to subcontracted expenses claimed by VOA and we did not note any exceptions from our testing of claimed expenditures related to cost allocation.

- 8) Funding Sources – We made inquiries to the management of SHRA to identify any funding sources other than DCFAS for its programs. We also reviewed SHRA’s general ledger and invoice claims for July 2020, September 2020, March 2021, July 2021, September 2021, and May 2022 to identify any duplicated charges.

Result: We did not note any duplicated charges.

We were engaged by DCFAS to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the standards for attestation engagements contained in *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States of America. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on SHRA’s financial condition, compliance with the Agreement, and accuracy of invoice claims. 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.

We are required to be independent of SHRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

DCFAS’ management responses to the findings identified during our engagement are described in ATT 2 - *Findings and Recommendations*. We did not perform procedures to validate DCFAS’ management responses to the findings and, accordingly, we do not express an opinion on the responses to the findings.

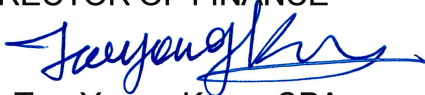
Shelby Boston, Director

January 9, 2026

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Sacramento County Executive, and DCFAS' management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

CHAD RINDE
DIRECTOR OF FINANCE



By: Tae-Young Kang, CPA
Audit Manager

Enclosures

ATT 1 - *Schedule of Claimed, Disallowed, and Questioned Costs*

ATT 2 - *Findings and Recommendations*

County of Sacramento
 Department of Child, Family and Adult Services
 Sacramento Housing and Redevelopment Agency
 Fiscal Monitoring Agreed-Upon Procedures
 Schedule of Claimed, Disallowed and Questioned Costs
 For the Period of July 1, 2020 to June 30, 2022

Program/Period	Total Claimed ¹ Amount	Disallowed ² Costs	Questioned ² Costs
<u>Bringing Families Home</u>			
July 1, 2020 to June 30, 2021	\$ 515,708.28	1.98	10,921.41
July 1, 2021 to June 30, 2022	29,371.55	-	40.32
Total	\$ 545,079.83	1.98	10,961.73

¹ The total amount claimed represents the expenses claimed by Sacramento Housing and Redevelopment Agency's subrecipient, Volunteers of America

² See Finding # 4 - B of ATT 1 - *Findings and Recommendations* for details.

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1. 2020 and 2021 Annual Financial Audit and Single Audit

Criteria

Per Title 2 Code of Federal Regulation (2 CFR) 200.501 Audit Requirements, "A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part."

Per 2 CFR 200.512 Report submission, "The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period."

Per Exhibit D of the Agreement between Sacramento Housing Redevelopment Agency (SHRA) and the County of Sacramento Department of Child, Family, and Adult Services (DCFAS) for the Bringing Families Home (BFH) Program (Agreement):

- Section VII-A, ".....When filing with the Federal Audit Clearinghouse (FAC), CONTRACTOR (SHRA) must also simultaneously submit three copies of the required Audit and forms to DIRECTOR [Director of the Department of Child, Family, and Adult Services (DCFAS)] as described in paragraph E of this section....."
- Section VII-B, "In addition to the Office of Management and Budget (OMB) requirements of paragraph A of this section, COUNTY requires CONTRACTOR (SHRA) to provide an annual Audited or Reviewed financial statement as follows: 1. Annual Audited financial statements and accompanying Auditor's report and notes is required from CONTRACTOR (SHRA) when DCFAS has awarded contracts totaling \$150,000 or more for any twelve month-period. The Audited financial statement shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the Audit shall be performed by an independent Certified Public Accountant in accordance with Generality Accepted Auditing Standards (GAAS)"
- Section VII-E, "CONTRACTOR (SHRA) shall provide to COUNTY three copies of the Audit or Review, as required in this section, due six months following the end of CONTRACTOR (SHRA)s' fiscal year."

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Condition

During our review of SHRA's Financial Statements and Single Audit reports for the years ended December 31, 2020, 2021, 2022 and 2023, we noted several non-compliances and concerns as follows:

- a. **Audit Submission:** SHRA issued its audit reports past the due dates required by the Agreement and 2 CFR 200.512 as shown in the table below for the years ended December 31, 2020, 2021, 2022, and 2023:

Fiscal Year End	Type of Audit	Report Due to County	Report Due to FAC	Report Issuance
12/31/2020	Financial	6/30/2021		7/22/2022
12/31/2020	Single Audit	6/30/2021	9/30/2021	5/19/2023
12/31/2021	Financial	6/30/2022		5/19/2023
12/31/2021	Single Audit	6/30/2022	9/30/2022	10/6/2023
12/31/2022	Financial	6/30/2023		4/8/2024
12/31/2022	Single Audit	6/30/2023	9/30/2023	4/8/2024
12/31/2023	Financial	6/30/2024		4/8/2024
12/31/2023	Single Audit	6/30/2024	9/30/2024	3/28/2025

In addition, SHRA did not submit financial audits to DCFAS for the years ended December 31, 2020, 2021, 2022, and 2023, and single audits for the years ended December 2022 and 2023; therefore, we obtained these reports from SHRA's website and FAC. Furthermore, SHRA had not completed financial and single audit reports for the year ended December 31, 2024 and did not request audit due date extension to DCFAS for all delinquent audit reports as of the end of our fieldwork day.

- b. **Opinion:** SHRA received the modified opinions for Single Audit Reports for major Federal programs from an independent auditor due to material non-compliances with the programs' requirements for the years ended December 31, 2021, 2022, and 2023 as shown in the table below:

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Fiscal Year End	Number of Major Federal Program	Number of Major Federal Program with Modified Opinion	Major Federal Program with Modified Opinion
12/31/2021	5	1	Public and Indian Housing
12/31/2022	4	1	Public and Indian Housing
12/31/2023	7	2	Housing Voucher Cluster and Emergency Solutions Grants Program

The Single Audits for all three years were conducted by the same independent auditor. None of the major Federal programs shown table above were programs pass-through from County of Sacramento.

c. Audit Findings:

- i. **Financial Statements:** For the years ended December 31, 2020, 2021, 2022, and 2023, we noted material weakness findings in internal control over financial reporting resulting in delayed issuance of financial statements, multiple journal entries and prior period adjustments recorded during the audits for the financial statements. Materials weakness in internal control indicates that SHRA's internal controls were ineffective which could lead to significant errors and non-compliance in financial reporting. The financial audits for these 4 years were conducted by the same independent auditor who repeatedly indicated that SHRA did not have a policy in place to provide reasonable assurance that accounting records were prepared in accordance with accounting principles generally accepted in the United States of America.
- ii. **Single Audits:** We noted several material weaknesses findings and significant deficiencies for several major Federal programs as shown in the table below, some of which were repeated findings for several years. None of the major Federal programs shown table below were programs pass-through from County of Sacramento.

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Fiscal Year End	Major Federal Program Name	Type of Finding	Number of Finding	Questioned Costs
12/31/2020	Community Block Grants/Entitlements Grants	Significant Deficiency	1	None
12/31/2021	Continuum of Care	Significant Deficiency	1	None
	Housing Choice Voucher Cluster	Significant Deficiency	3	\$ 102,889
	Public and Indian Housing	Material Weakness	2	None/Unknown
12/31/2022	Community Block Grants/Entitlements Grants	Significant Deficiency	1	None
	Housing Choice Voucher Cluster	Significant Deficiency	4	None
	Public and Indian Housing	Material Weakness	2	None
12/31/2023	Community Block Grants/Entitlements Grants	Significant Deficiency	1	None
	Continuum of Care	Significant Deficiency	1	\$ 1,117
	Emergency Solutions Grants Program	Significant Deficiency	2	\$ 37,352
	Emergency Solutions Grants Program	Material Weakness	1	None
	HOME Investment Partnership Program	Significant Deficiency	1	None
	Housing Choice Voucher Cluster	Material Weakness	1	\$ 120,680
	Housing Choice Voucher Cluster	Significant Deficiency	1	None
	Public and Indian Housing	Significant Deficiency	1	Unknown

Cause

It appears that SHRA did not maintain adequate internal control policies and procedures to meet the audit requirements and take corrective actions for the audit findings in a timely manner in accordance with the Agreement and 2 CFR 200.

Effect

SHRA did not comply with the audit requirements per the Agreement and 2 CFR 200. As a result, DCFAS was not able to assess SHRA's financial condition and evaluate its program performance and compliance in a timely manner to make informed decisions related to current and future Agreements with SHRA.

Recommendation

We recommend DCFAS follow up with SHRA to verify that SHRA maintains adequate internal control policies and procedures to complete and submit Annual Financial and Single Audit reports and that SHRA has implemented corrective actions for its audit recommendations. SHRA could develop an audit compliance checklist with a timeline as part of its corrective actions.

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We further recommend DCFAS contact SHRA to follow up on the status of Annual Financial and Single Audit reports for the year ended December 31, 2024.

DCFAS Management Response

DCFAS did not renew its contract with SHRA which ended June 30, 2024. As DCFAS does not currently have any active contracts with SHRA, the recommendation is not applicable, and DCFAS will not be following up with SHRA to verify whether it maintains adequate internal control policies and procedures to complete and submit Annual Financial and Single Audit Reports or has implemented corrective actions for its audit recommendations.

SHRA submitted its Financial and Single Audit Reports to DCFAS for the year ended December 31, 2024, on December 19, 2025.

2. Claim Submission Timing

Criteria

Per the Agreement, section XX-B, *“CONTRACTOR (SHRA) shall submit an invoice on the forms and in accordance with the procedures prescribed by COUNTY on a monthly basis. Invoices shall be submitted to COUNTY no later than the fifteenth (15th) day of the month following the invoice period...”*

Condition

We selected and reviewed six out of 15 invoice claims submitted by SHRA to DCFAS. Based on our review, we noted that five of the six invoice claims were submitted after the required due dates as shown on the table below:

Claim Due Date	Claim Month	Claim Submission Date	Number of Days Late
August 14, 2020	July 2020	September 22, 2020	39
October 15, 2020	September 2020	October 26, 2020	11
April 15, 2021	March 2021	January 14, 2022	274
August 13, 2021	July 2021	June 6, 2022	297
October 15, 2021	September 2021	June 10, 2022	238

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Cause

It appears that SHRA did not maintain adequate internal control policies and procedures to submit the claims in a timely manner in accordance with the Agreement.

Effect

Late submission of claims delays payment of the claims; therefore, may cause cash flow issues that could negatively affect program management and operations.

In addition, SHRA was not compliant with the claim submission requirements of the Agreement for the months indicated above.

Recommendation

We recommend DCFAS follow up with SHRA to verify whether SHRA has implemented adequate policies and procedures to submit claims on time.

DCFAS Management Response

DCFAS did not renew its contract with SHRA, which ended June 30, 2024. As DCFAS does not currently have any active contracts with SHRA, the recommendation is not applicable.

3. General Ledger**Criteria**

A general ledger transaction date can be the same day as the posting date or before the posting date, but not after.

Condition

SHRA had multiple instances of having a posting date before the transaction date on their general ledger. However, we did not note questioned or disallowed costs as a result of these posting errors.

Cause

SHRA's staff indicated that these posting errors occurred due to delays in payment processing. It appears that SHRA did not maintain adequate internal control policies and procedures to ensure the transactions were properly processed and recorded in its general ledger.

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Effect

Having the transaction date after the posting date creates a timing issue that can lead to the entry not being recorded in the correct period and late submission of invoices which could result in disallowed costs.

Recommendation

We recommend DCFAS follow up with SHRA to verify whether SHRA has adequate policies and procedures to accurately record its transaction activities in correct period in its general ledger.

DCFAS Management Response

DCFAS reiterates the DCFAS Management Response from Finding #2.

4. Subrecipient Monitoring

Criteria

Per Exhibit A, Section IV of the Agreement, *“SHRA will maintain records of all BFH invoices and supporting documentation.....SHRA will monitor contract requirements with VOA including fiscal piece by monitor by requiring and reviewing data reports, invoices, records and case files and conducting site visits”.*

Per SHRA's ESG Monitoring Plan, *“After adoption of the One-Year Action Plans, SHRA staff will establish a master calendar of monitoring visits for nonprofit Subrecipients. SHRA staff will endeavor to visit each recipient no less than every three years.”*

Condition

100% of SHRA's invoice claims pertained to subcontract expenses claimed by VOA; however, SHRA has not conducted any subrecipient monitoring on their subrecipient for BFH program since 2018.

We selected a total of 60 sample expenses from VOA's general ledger and claim forms and requested the supporting documentation to verify whether the expenses are allowable expenses. Based on our review, we noted the following exceptions:

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- a. For nine (9) out of the 60, SHRA could not adequately substantiate the expenses due to either missing supporting documentation or maintaining insufficient documentation. The total unsubstantiated amount was \$10,921.41 and \$40.32 for fiscal years 2020/21 and 2021/22, respectively.
- b. For one (1) out of the 60, the amount on the claim form did not match the amount on the invoice. The amount on the invoice and check request was \$285.57 while the amount on VOA's general ledger and check stub was \$287.55. As a result, \$1.98 was overclaimed in fiscal year 2020/21.

Cause

It appears that SHRA did not properly monitor or document its subrecipient, VOA's invoice claim activities in accordance with its policies and procedures and the Agreement.

Effect

SHRA's lack of its subrecipient monitoring resulted in unsubstantiated claims and an overclaim. We consider the unsubstantiated expenses in the amount of \$10,961.73 (\$10,921.41 + \$40.32) and \$1.98 overclaim as questioned costs and disallowed costs, respectively. See ATT 1 – *Schedule of Claimed, Disallowed, and Questioned Costs*.

Recommendation

We recommend DCFAS follow up with SHRA to request the status of subrecipient monitoring action plans, to verify whether SHRA maintain adequate supporting documentation for all expenses claimed as required by the Agreement, and to resolve the questioned and disallowed costs.

SHRA should follow its policies and procedures over subrecipient monitoring to meet the program objective and comply with the Agreement.

DCFAS Management Response

DCFAS reiterates the DCFAS Management Response from Finding #2.

DCFAS will work with SHRA to resolve and recover any disallowed and questioned costs from SHRA's subrecipient.