

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
July 25, 2017
“*Communications Received and Filed*” Item

To: Board of Supervisors
From: Department of Finance
Subject: Department Of Human Assistance Agreed-Upon Procedures Validating The Accuracy Of FNS-209 For The Quarter Ended June 30, 2016

Supervisory
District(s): All

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

RECOMMENDATION

Receive and file the attached agreed upon procedures report, *Department of Human Assistance Agreed-Upon Procedures Validating The Accuracy of FNS-209 For The Quarter Ended June 30, 2016*

Respectively submitted,

Ben Lamera
Director of Finance

Attachment

ATT 1 - Department of Human Assistance Agreed-Upon Procedures Validating The Accuracy of FNS-209 For The Quarter Ended June 30, 2016

Department of Finance

Ben Lamera,
Director



Agenda Date: July 25, 2017

ATT 1
Auditor-Controller Division

Joyce Renison,
Assistant Auditor-Controller

County of Sacramento

June 28, 2017

Ann Edwards, Director
Department of Human Assistance
County of Sacramento
1825 Bell Street, Suite 200
Sacramento, CA 95825

Dear Ms. Edwards:

We have performed the procedures enumerated below, which were requested and agreed to by you, solely to assist the Department of Human Assistance (DHA) to validate the accuracy of its FNS-209, Status of Claims Against Households (a.k.a. Form FNS-209), that was submitted to the California Department of Social Services (CDSS) for the quarter ended June 30, 2016. DHA's management is responsible for ensuring the accuracy of Form FNS-209 and compliance with all applicable Federal laws, State statutes, and County ordinances. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of DHA's management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to Form FNS-209 referred above and is not intended to pertain to any other forms, projects, or programs of DHA.

The procedures we performed and our findings are as follows:

- Form FNS-209 – We obtained Form FNS-209 prepared by DHA for the quarter ended June 30, 2016 and agreed it to the supporting documentation. We also confirmed Form FNS-209 was submitted to CDSS by the due date.

Finding: We noted an exception regarding the calculation of Line 14 on Form FNS-209. See Attachment I, *Comment and Recommendation* and Schedule I, *Schedule of Form FNS-209 Reporting Differences*.

We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on DHA's Form FNS-209, or compliance with applicable Federal laws, State statutes, or County ordinances. Accordingly, we do not express such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Ann Edwards, Director
June 28, 2017
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DHA's response to the finding identified during our engagement is described in Attachment I, *Comment and Recommendation*. We did not perform procedures to validate DHA's response to the finding and, accordingly, we do not express an opinion on the response to the finding.

This report is intended solely for the information and use of Sacramento County Board of Supervisors, Sacramento County Executive, DHA's management, CDSS, Federal 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

Attachments

Attachment I, *Comment and Recommendation*
Schedule I, *Schedule of Form FNS-209 Reporting Differences*

County of Sacramento
Department of Human Assistance
Review of FNS-209, Status of Claims Against Households
Comment and Recommendation

For the Quarter Ended June 30, 2016

1. Overstated Amounts Reported on Line 14

Comment

The Department of Human Assistance (DHA) submits FNS-209, Status of Claims Against Households (a.k.a. Form FNS-209) to the California Department of Social Services (CDSS) on a quarterly basis. For each quarter, DHA receives collection reports from the Department of Revenue Recovery (DRR) that are included in Form FNS-209's line 14.

During our review, we noted the amounts reported on line 14 were \$74,376.07, \$1,285,681.49, and \$688,933.11 for Intentional Program Violations (IP), Inadvertent Household Errors (IH), and State Agency Administrative Errors (AE), respectively, for the quarter ended June 30, 2016. However, the amounts that should have been reported on line 14 were \$38,487.42, \$727,608.82, and \$375,586.75 for IP, IH, and AE, respectively. Per our inquiry with DHA's management, it appears that DHA added Treasury Offset Program (TOP) amounts to DRR's collection reports that already include those amounts.

Therefore, we consider the differences in the amounts of \$35,888.65 (\$74,376.07 - \$38,487.42), \$558,082.67 (\$1,285,691.49 - \$727,608.82), and \$313,346.36 (\$688,933.11 - \$375,586.75) on Form FNS-209 line 14 for the quarter ended June 30, 2016 to be overstated. See Schedule I, *Schedule of Form FNS-209 Reporting Differences*.

It appears that the overstated amounts were corrected on Form FNS-209 for the quarter ended March 31, 2017.

Recommendation

We recommend DHA ensure it accurately reports line 14 amounts for Form FNS-209.

DHA's Management Response

We agree with the recommendation. On June 28, 2016, CDSS issued instructions via County Fiscal Letter (CFL) 15/16-63 which required Counties to change the current processes with the June 2016 Quarter report and begin to report TOP at time of notification and not when cash is received.

At that time we were not aware that the collection balances reported to DHA by DRR were also included in the TOP cycle amounts on line 14 and this caused the overstatement.

DHA had discovered the overstatement prior to the review and made necessary adjustments on the FNS-209 Report for the quarter ended on March 31, 2017. Reconciliation is already in place to ensure that the DRR TOP collections are excluded from the quarterly reports.

Recommendation for accuracy of balances on line 14 is noted.

County of Sacramento
 Department of Human Assistance
 Review of FNS-209, Status of Claims Against Households
 Schedule of Form FNS-209 Reporting Differences
 For the Quarter Ended June 30, 2016

Form FNS-209 Line Items	(A)	(B)	Difference
Line 14^(IV)	Amount	Correct	(A - B)
	Reported	Amount	(A - B)
Intentional Program Violations	\$ 74,376	38,487	35,889
Inadvertant Household Errors	1,285,691	727,609	558,082
State Agency Administrative Errors	688,933	375,587	313,346
Total Line 14	\$ 2,049,000	1,141,683	907,317

^(I) Amount Reported column represents amounts reported on line 14 of FNS-209, Status of Claims against Households (a.k.a. Form FNS-209) submitted to California Department of Social Services (CDSS) for the quarter ended June 30, 2016.

^(II) Correct Amount column represents amounts that should have been reported to CDSS on line 14 of Form FNS-209 for the quarter ended June 30, 2016.

^(III) Difference column represents the amounts overstated on line 14 of Form FNS-209 for the quarter ended June 30, 2016. See Attachment I, *Comment and Recommendation*.

^(IV) This schedule only includes amounts reported on line 14 of Form FNS-209.