

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
August 22, 2017  
“*Communications Received and Filed*” Item

To: Board of Supervisors  
From: Department of Finance  
Subject: DHA - Lao Family Community Development Inc. Fiscal Monitoring, For The  
Period February 11, 2015 Through June 30, 2016  
Supervisorial  
District(s): All  
Contact: Joyce Renison, Assistant Auditor-Controller, 874-7248

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**RECOMMENDATION**

Receive and file the attached agreed upon procedures report, *DHA - Lao Family Community Development Inc. Fiscal Monitoring, for the period February 11, 2015 through June 30, 2016*

Respectively submitted,

**Ben Lamera**  
Director of Finance

Attachment

ATT 1 - DHA - Lao Family Community Development Inc. Fiscal Monitoring, for the period  
February 11, 2015 through June 30, 2016



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County of Sacramento

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July 18, 2017

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

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

Dear Ms. Edwards:

We have performed the procedures enumerated below, which were requested and agreed to by you to evaluate Lao Family Community Development Inc.'s (LFCD) fiscal compliance as outlined in the contractual agreements (Agreements) for the periods listed below:

- Agreement no. DHA-LFCD-01-15 for the period from February 11, 2015 to June 30, 2015
- Agreement no. DHA-LFCD-01-16 A1 for the period from July 1, 2015 to June 30, 2016

This agreed-upon procedures engagement was conducted to assist the Department of Human Assistance (DHA) to assess LFCD's financial condition and comply with Section 200.331 (d) of the Title 2 Code of Federal Regulations (2 CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

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 on page 2 and page 3 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 on the previous page and is not intended to pertain to any other Agreements of DHA.

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

- 1) Financial Statements – We reviewed LFCD’s audit reports for the years ended December 31, 2014 and December 31, 2015, and interim financial statements for the six months ended June 30, 2016, to identify any concerns or issues that require your attention.

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

- 2) Internal Control – We reviewed LFCD’s written internal control policies and procedures including purchasing, vendor payments, payroll, claim submission, cost allocation, general ledger, and financial report preparation to identify any concerns or issues that require your attention.

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

- 3) Claim Submission – We obtained and reviewed LFCD’s monthly invoice claims for February 2015, June 2015, October 2015, and February 2016. We selected and reviewed a total of 100 transactions from the above monthly invoice claims. We traced these transactions to the supporting documentation. We also identified any non-compliance from these transactions.

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

- 4) General Ledger – We traced LFCD’s monthly invoice claims for February 2015, June 2015, October 2015, and February 2016 to its general ledger.

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

- 5) Cost Allocations – We reviewed LFCD’s cost allocation policies and procedures to identify any concerns or issues that required your attention. We tested the 100 transactions listed at Item 3 above to identify any issues related to cost allocations.

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

- 6) Funding Sources – We made inquiries to LFCD’s management to identify any funding sources other than DHA. We reviewed LFCD’s general ledger and invoice claims for February 2015, June 2015, October 2015, and February 2016 to identify any inappropriate or duplicated charges.

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

We were not engaged to, and did not perform an audit or examination, the objectives of which would be the expression of opinions on LFCD’s financial statements or schedules or compliance with the aforementioned programs. 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.

The projected questioned and disallowed costs presented at Attachment I, *Findings and Recommendations*, and Schedule I, *Schedule of 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 review. Had we tested additional invoices, the projected questioned and disallowed costs would likely be changed.

DHA’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 DHA’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, DHA’s 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, C.P.A.  
Audit Manager

Enclosures

Attachment I: *Findings and Recommendations*

Schedule I: *Schedule of Questioned and Disallowed Costs*

Schedule II: *Schedule of Differences on Monthly Claims*

Schedule III: *Schedule of Questioned and Disallowed Costs from Test of Transactions*

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**1. Financial Statements Review**

During our review of Lao Family Community Development, Inc.'s (LFCD) audited financial statements for the years ended December 31, 2014, and 2015, which were audited by the same audit firm, and the unaudited financial statements ended June 30, 2016, we noted the following concerns and deficiencies in these financial statements:

- a) In the Supplemental Information section of the December 31, 2015's audited financial statements:
  - o The Schedules of Expenditures of Federal, County, State, and Other Awards has the County of Sacramento (County), Department of Human Assistance (DHA), Expanded Subsidized Employment (ESE) program listed under an incorrect Federal grantor, pass-through grantor, and Catalog of Federal Domestic Assistance (CFDA) number.
  - o The Schedule of Findings and Questioned Costs has DHA's ESE program listed with an incorrect CFDA number.
- b) On December 31, 2014's audited financial statements, total amount of 2014 Program Expenditures of Federal, County, State, and Other Awards expenditures was footed incorrectly.
- c) December 31, 2015's audited financial statements presented a line of credit liability balance of \$128,953 which was not posted to LFCD's general ledger as of June 30, 2016. Amounts unreported on audited financial statements should be posted to LFCD's general ledger.
- d) December 31, 2014 and 2015's audited financial statements presented LFCD had negative working capital for both years in the amounts of \$1,318,831 (current assets \$1,127,717 – current liabilities \$2,446,548) and \$1,099,382 (current assets \$1,706,626 – current liabilities \$2,806,008), respectively. LFCD's negative working capital indicates that LFCD did not have adequate current assets to meet its current obligations coming due. However LFCD's audit did not note any issues about the negative working capital in both years.
- e) December 31, 2014's current and long-term liabilities on the Balance Sheet do not agree to the current and long-term liabilities amounts on the Statement of Financial Position by Fund. The Balance Sheet and Statement of Financial Position by Fund presented total current liabilities in the amounts of \$2,446,548 and \$361,221,

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respectively. In addition, the Balance Sheet and Statement of Financial Position by Fund presented total long-term liabilities in the amounts of \$150,000 and \$2,235,327, respectively.

- f) December 31, 2015's current liabilities on the Balance Sheet do not agree to the amounts on the Statement of Financial Position by Fund. The Balance Sheet and Statement of Financial Position by Fund presented total current liabilities in the amounts of \$2,806,008 and \$2,824,468, respectively.
- g) December 31, 2014's Statement of Financial Position by Fund was titled "Draft Statement of Financial Position by Fund". With the "draft" included in the title, we were not certain whether this statement was audited.
- h) LFCD submitted its December 31, 2015's audited financial statement to DHA on August 8, 2016, which is over 6 months after its Fiscal Year (FY).
- i) LFCD submitted the 2014 single audit report to the Federal Audit Clearinghouse (FAC) on December 16, 2015. However, we could not locate the 2015's single audit report in the FAC. Therefore, we were not certain whether the 2015 single audit report was filed to the FAC.
- j) LFCD's 2014 *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133* report was missing the signature from the audit firm.

With all the errors noted above, the information reported to the Federal government, LFCD's board, management, and DHA is inaccurate.

The contractual agreements (Agreements) between LFCD and DHA require that "*An audit [report] shall be submitted annually to [DHA] within six months of the end of each fiscal year of this Agreement.*" In addition, in accordance with the United States Office of Management and Budget (OMB) Circular A-133, "*The [single audit]... shall be submitted 9 months after the end of the fiscal year...*" Accordingly, we consider annual audit report submissions to DHA after June 30 of each year and single audit report submissions to the FAC after September 30 of each year to be untimely submissions. Therefore, LFCD was not in compliance with the Agreements and OMB Circular A-133.

Since there were too many errors with a missing signature, LFCD did not exercise due diligence to review its audit report.

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Recommendation

We recommend LFCD establish and implement proper procedures to review its audit reports in its entirety for completeness and accuracy, and the amounts reported in LFCD's general ledger should reflect what is reported in its audit reports and vice versa. We also recommend LFCD ensure that its audit reports are submitted to DHA within the timeframes set by the Agreements and its single audit reports are submitted to the FAC in accordance with OMB guidelines. In addition, LFCD should maintain adequate working capital to ensure they have adequate current assets to meet its current obligation coming due.

DHA's Management Response

DHA agrees with the finding. LFCD has agreed to the recommendation and will be checking all schedules included in the audit report. They have also hired additional staff to work with the auditors to ensure all audit adjustments are posted accurately to the general ledger. LFCD will also ensure that all reports are filed with DHA and FAC in a timely manner.

**2. Internal Control Review**

During our review, we noted LFCD did not have written policies and procedures for purchasing. Proper internal controls indicate written policies and procedures should be established and implemented for purchasing to help the organization meet its objectives efficiently and effectively.

We also noted the invoice claim submission written procedures did not indicate the individual preparing the invoice claim to sign and date as the preparer. By not having the preparer sign and date the invoice claim, it would be difficult to track the individual that prepared the claim in a timely manner should any questions arise.

We further noted that LFCD was not following its invoice claims procedures regarding its direct costs. See Finding Number 3a for more details.

In addition, we noted LFCD did not have any written procedures on how to allocate the shared cost to the different line items on the invoice claim. By not having clear written procedures on how to allocate the shared cost to the different line items on the invoice claims, errors could occur without management's knowledge and could result in non-compliance with the Agreements with the County of Sacramento (County). As a result, we noted issues of shared cost allocation at Finding Number 5.

Recommendation

We recommend LFCD establish and implement written policies and procedures for its purchasing process. We further recommend LFCD to update and implement the invoice

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claim procedures to require the preparer to sign and date the invoice claim when completed, and include how to allocate the shared cost to the different line items on the invoice claims.

DHA's Management Response

DHA agrees with the finding. LFCD will be updating their purchasing procedures as well as their invoice claim procedure to include signatures, dates for the claims and noting if the item is to be part of the shared cost allocation.

**3. Claim Submission Review**

**a. Monthly Claim Submission Differences**

During our review, we obtained and reviewed LFCD's monthly invoice claims submitted to DHA for February 2015, June 2015, October 2015 and February 2016. We compared each line item on these monthly invoice claims to LFCD's general ledgers. As a result, we noted differences between total amounts reported on each line item on the monthly invoice claims and LFCD's general ledgers, except February 2015, in Table 1 below:

Table 1:

Months	LFCD's Total Monthly Claims	LFCD's General Ledgers Total Balance	Differences of Combined Line Item Amounts		
			Over	Under	Net
February 2015	\$ 6,797	6,797			
June 2015	69,669	69,659	4,617	(4,607)	10
Total	<u>\$ 76,466</u>	<u>76,456</u>	<u>4,617</u>	<u>(4,607)</u>	<u>10</u>
October 2015	\$ 87,200	87,064	3,843	(3,707)	136
February 2016	58,754	51,212	9,155	(1,613)	7,542
Total	<u>\$ 145,954</u>	<u>138,276</u>	<u>12,998</u>	<u>(5,320)</u>	<u>7,678</u>

\*Table 1's line item details are presented at Schedule II, *Schedules of Differences on Monthly Claims*.

Table 1's "Over" column represents combined line item amounts of monthly claims submitted to DHA but not listed on the corresponding LFCD's general ledgers. The difference between line items on monthly claims and general ledger were due to the fact that LFCD claims direct costs to the corresponding line items and then allocates the shared cost, which may include costs that are directly benefitting one program only, to any line items that



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have available budget on the invoice claims after all direct costs have been claimed. See Finding Number 5 for more detail. Therefore, we consider the total \$4,617 and \$12,998 reported in the “over” column as questioned costs because these costs do not fall under the line item description that they were claimed under. See Schedule II, *Schedules of Differences on Monthly Claims*.

Table 1’s “Under” column represents combined line item amounts in LFCD’s general ledgers but not reported on the corresponding line items on LFCD’s monthly claims.

Recommendation

LFCD should claim costs from its general ledgers that fall under the line item description they were claimed under. We recommend LFCD follow its invoice claim procedures and reiterate the recommendations at Finding Number 2. We also recommend DHA contact LFCD to develop a resolution to resolve the issue of the monthly claim differences. We further recommend LFCD contact DHA and complete a Budget Revision Request (BRR) if line item budget amounts need to be adjusted. We reiterate the recommendations at Finding Number 5.

DHA’s Management Response

While DHA agrees with the finding, LFCD did not exceed its budget over the year and could have benefited from submitting a BRR when the cost of line items changed. LFCD agrees a BRR would have alleviated this issue. DHA will work with LFCD to resolve this issue on the BRR.

**b. Exceptions from Test of Transactions**

During our review, we noted the following:

*February 2015 claim:*

- A health benefit transaction was claimed for \$255.
- A pension benefit transaction was claimed for \$93.
- A rent transaction was claimed for \$221.

LFCD allocated the above three transactions to ESE based on employee salaries. However, we noted not all applicable salaries were included in the allocation. As such, we were not able to determine whether the amounts noted above should have been claimed to ESE.

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Therefore, we consider the amounts of \$255, \$93, and \$221 to be questioned costs. See page 1 of Schedule III, *Schedule of Questioned and Disallowed Costs from Test of Transactions*.

*June 2015 claim:*

- A rent transaction was claimed for \$939 and LFCD's cost allocation worksheet included an individual that should not have been used to calculate the rent allocation to ESE. As such, based on LFCD's worksheet, we recalculated the rent cost to be \$451 and we consider the difference of \$488 (\$939 - \$451) to be disallowed costs.
- A garbage service transaction in the shared cost pool included a late fee of \$3.20. Late fees are not allowable to be included in ESE claims. However, we were not able to determine the amount claimed to ESE.
- Two participants' transactions from the monthly participant reports were missing timesheets. Therefore, we were unable to determine whether the minimum 32 hours per week requirement was met by these two participants. As such, we consider \$1,759 and \$1,674 ESE employer wage costs totaling \$3,433 claimed for reimbursement for these two participants as questioned costs.
- One participant's timesheets were not signed by the supervisor as required in the Agreement. This same participant's timesheets indicated that the participant worked ten or eleven hours per shift without a lunch break that were not in compliance with California Labor Laws and the Agreement.

In addition, we noted \$2,585 in questioned costs resulting from shared cost transactions. See Finding Number 5 for details. See page 2 of Schedule III, *Schedule of Questioned and Disallowed Costs from Test of Transactions*.

LFCD's Oakland administration staffs are claimed under the indirect cost section of the budget for administering the ESE program. The Oakland administration staff was relocated to a new Oakland office in July 2015 and costs associated with this new Oakland office were included in the shared cost pool. Therefore, the old Oakland office was being remodeled and not utilized by any Oakland administration staff after July 2015.

*October 2015:*

- We noted a shared cost transaction that included utility, janitorial, and office supply costs for the old Oakland office were included in the shared cost pool. As such, these

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amounts should not be included in the shared cost pool. However, we did not determine the dollar amounts allocated to ESE for these costs, as we consider the entire shared cost transaction to be questioned costs. See Finding Number 5 for shared cost transactions.

- A participant's timesheets were not signed by the participant's supervisor as required in the Agreement.

In addition, we noted \$3,142 in questioned costs resulting from shared cost transactions. See Finding Number 5 for details. See page 3 of Schedule III, *Schedule of Questioned and Disallowed Costs from Test of Transactions*.

*February 2016 claim:*

- We noted a shared cost transaction that included utility, janitorial, and office supply costs for the old Oakland office were included in the shared cost pool. As such, these amounts should not be included in the shared cost pool. However, we did not determine the dollar amounts allocated to ESE for these costs, as we consider the entire shared cost transaction to be questioned costs. See Finding Number 5 for shared cost transactions.
- An Oakland rent transaction was claimed for \$243. However, this location was not utilized by any Oakland administration staff. Therefore, we consider \$243 as disallowed cost.
- Two participants' timesheets were not signed by their supervisors as required in the Agreement. One of the two participants did not work the minimum 32 hours per week as required in the Agreement. Therefore, we consider the participant who worked less than the required work hours in the amount of \$536 as disallowed costs.

In addition, we noted \$1,146 in questioned costs resulting from shared cost transactions. See Finding Number 5 for details. See page 4 of Schedule III, *Schedule of Questioned and Disallowed Costs from Test of Transactions*.

Per the Agreements, "Contractor will be required to submit time sheets for participants. Time worked must comply with Federal labor law for hours worked, a lunch break for more than six hours worked, employer signature, employee signature, pay period dates with payroll detail to reconcile expenditures." As such, the time sheets that were not provided and

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not signed by the participants' supervisors, and the participant that did not take a lunch break for more than six hours worked were not in compliance with the Agreements.

In addition, allocation amounts should be supported by proper supporting documentation, based on a reasonable allocation methodology, and accurate costs that benefit the program.

Recommendation

We recommend LFCD ensure its participants' timesheets are properly documented and retained in the file. Timesheets should have the participant and supervisor/employer signatures. Any differences in participants' hours should be researched and resolved in a timely manner. We further recommend timesheets are verified for at least 32 hours per week worked prior to reimbursement to employers. In addition, we recommend LFCD contact DHA to develop a resolution to resolve the issue of the questioned and disallowed costs noted in this Finding.

DHA's Management Response

DHA agrees with the finding, with the exception that contractors should be required to ensure employees are scheduled for a minimum of 32 hours per week, rather than ensure employees work 32 hours. DHA realized holding the contractor or employer responsible for the employee's attendance was not reasonable. The contract verbiage has been revised to clarify this requirement.

LFCD has implemented procedures to ensure all necessary documentation is received from the employer and contains all necessary information prior to requesting reimbursement from DHA. LFCD contends that work schedules can vary and may appear to be out of compliance, but upon closer review, the participant may have met the 32 hour per week requirement. However, since the requirement has changed to scheduled rather than worked hours, this is a moot point.

DHA will work with LFCD to resolve this issue and ensure the requirements are met.

**c. Projected Questioned and Disallowed Costs from General Ledger Comparison and Test of Transactions**

The questioned and disallowed costs from sections 3a and 3b of this finding and our projected questioned and disallowed costs are summarized on the next page at Table 2 for FY 2014-15:

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Table 2:

Fiscal Year	Amount Tested		Questioned Costs		Disallowed Costs	
	Direct Costs	Indirect Costs	Direct Costs	Indirect Costs	Direct Costs	Indirect Costs
<b>2014-15</b>						
General Ledger						
Differences			\$ 57	4,560		
Test of Transactions			3,433	3,154		488
Projections			29,124	10,532	1,270	459
<b>Total</b>	<b>\$ 27,258</b>	<b>12,784</b>	<b>\$ 32,614</b>	<b>18,246</b>	<b>1,270</b>	<b>947</b>

Based on the result of the above testing of transactions totaling \$40,042 (\$27,258 + \$12,784), \$11,204 (\$57 + \$3,433 + \$4,560 + \$3,154) or 27.98% (\$11,204 / \$40,042) were the total questioned costs, and \$488 or 1.22% (\$488 / \$40,042) were the total disallowed costs for the monthly claims tested. We confirmed the total invoice claimed by LFCD and paid by DHA in the amount of \$181,771 for FY 2014-15. Accordingly, we projected questioned and disallowed costs of remaining monthly claims not in our sample for FY 2014-15 totaling \$141,729 (\$181,771 - \$40,042) in the amounts of \$39,656 (\$141,729 X 27.98%) and \$1,729 (\$141,729 X 1.22%), respectively.

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 FY 2014-15. In addition, LFCD's allowable indirect costs on their monthly invoice claims were limited to no more than 15% of total costs on a monthly basis. Accordingly, we used the disallowed and projected disallowed direct and indirect costs to recalculate LFCD's allowable total indirect expenses for each month claimed. See section 3d of this finding for the calculation and consideration of additional disallowed indirect costs.

The questioned and disallowed costs from sections 3a and 3b of this finding and our projected questioned and disallowed costs are summarized on the next page at Table 3 for FY 2015-16:

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Table 3:

Fiscal Year 2015-16	Amount Tested		Questioned Costs		Disallowed Costs	
	Direct Costs	Indirect Costs	Direct Costs	Indirect Costs	Direct Costs	Indirect Costs
General Ledger						
Differences			\$ 8,541	4,457		
Test of Transactions				4,288	536	243
Projections			92,601		5,791	
<b>Total</b>	<b>\$ 55,639</b>	<b>9,656</b>	<b>\$ 101,142</b>	<b>8,745</b>	<b>6,327</b>	<b>243</b>

<sup>(1)</sup> LFCD's allowable indirect costs on their monthly invoice claims were limited to no more than 15% of direct costs on a monthly basis for FY 2015-16. Accordingly, we used the disallowed and projected disallowed direct costs to recalculate LFCD's allowable indirect expenses for each month claimed and noted additional disallowed costs. Therefore, we did not project any indirect costs for FY 2015-16, as they are included in the additional disallowed costs calculated from allowable indirect expenses. See section 3d of this finding.

Based on the result of the above testing of direct cost transactions totaling \$55,639, \$8,541 or 15.35% (\$8,541 / \$55,639) were questioned direct costs, and \$536 or 0.96% (\$536 / \$55,639) were disallowed direct costs for FY 2015-16 direct costs tested. We confirmed the total direct costs claimed by LFCD and paid by DHA in the amount of \$658,901 for FY 2015-16. Accordingly, we projected questioned and disallowed direct costs of remaining direct costs not in our sample for FY 2015-16 totaling \$603,262 (\$658,901 – \$55,639) in the amounts of \$92,601 (\$603,262 X 15.35%) and \$5,791 (\$603,262 X 0.96%), respectively.

The projected questioned and disallowed costs are extrapolated based on our testing with the assumption that the same average error rate applied to direct costs for each invoice in the population for FY 2015-16. We did not project any indirect costs for FY 2015-16; LFCD's allowable indirect costs on their monthly invoice claims were limited to no more than 15% of direct costs on a monthly basis. Accordingly, we used the disallowed and projected disallowed direct costs to recalculate LFCD's allowable indirect expenses for each month claimed. See section 3d of this finding for the calculation and consideration of additional disallowed indirect costs.

Recommendation

We reiterate our recommendations noted in Finding Numbers 3a and 3b. We recommend LFCD to contact DHA to develop a resolution to resolve the projected questioned and disallowed costs noted in this finding.

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DHA's Management Response

DHA agrees with the finding, with the exceptions noted above. However, LFCDD has challenged the calculation methodology used. DHA will work with LFCDD to resolve this issue of projected questioned and disallowed costs.

**d. Indirect Costs**

During our review, we noted some of LFCDD's indirect costs were over claimed for FY 2014-15 and FY 2015-16.

Per the [FY 2014-15] Agreement, "No indirect costs over the 15% of the eligible amount claimed per monthly submission will be paid."

Per the [FY 2015-16] Agreement, "Indirect costs are limited to 15% of the direct costs claimed each month. No indirect costs over 15% of the eligible direct amount claimed per each month's submission will be paid."

The disallowed costs were described at 3b. The projected disallowed costs were described at 3c. Our recalculated allowable indirect costs that can be claimed by LFCDD for FY 2014-15 and FY 2015-16 are described at Table 4 and Table 5, respectively. We consider over-claimed amounts to be disallowed costs. See Schedule I, *Schedule of Questioned and Disallowed Costs*.

See Table 4 and Table 5 below and on the next page:

Table 4:

	A	B	C	D	E	F	G
	LFCDD's			(A - B - C)	(D x 15%)		(F-E)
2014-15	Monthly Claims to Compute Maximum Indirect Costs <sup>(1)</sup>	Disallowed Costs	Projected Disallowed Costs	Recalculated LFCDD's Monthly Claims	Maximum Claimable Indirect Costs	Total Indirect Costs Claimed	Amount Over/(Under) Claimed
February 2015	\$ 6,797		2	6,795	1,019	6,405	5,386
March 2015	20,910		255	20,655	3,098	9,192	6,094
April 2015	33,323		407	32,916	4,937	9,186	4,249
May 2015	51,072		623	50,449	7,567	12,297	4,730
June 2015	69,669	488	442	68,739	10,311	13,345	3,034
<b>Total</b>	<b>\$ 181,771</b>	<b>488</b>	<b>1,729</b>	<b>179,554</b>	<b>26,932</b>	<b>50,425</b>	<b>23,493</b>
<b>Total Indirect Costs Disallowed</b>							<b>\$ 23,493</b> <sup>(1)</sup>

Note: Number superscripts are defined on the next page.

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- (i) Amounts derived from LFCD's monthly invoice claims submitted to DHA. The 2014-15 Agreement provided LFCD reimbursement for indirect costs based on 15% of total amount claimed.
- (ii) We consider the total indirect amount over-claimed of \$23,493 (\$5,386 + \$6,094 + \$4,249 + \$4,730 + \$3,034) as disallowed costs.

Table 5:

	A	B	C	D (A - B - C)	E (D x 15%)	F	G (F-E)
	LFCD's Monthly Claims to Compute Maximum Indirect Costs <sup>(i)</sup>	Disallowed Costs <sup>(ii)</sup>	Projected Disallowed Costs <sup>(iii)</sup>	Recalculated LFCD's Monthly Claims	Maximum Claimable Indirect Costs	Total Indirect Costs Claimed	Amount Over/(Under) Claimed
2015-16 Monthly Claims	\$ 66,768		641	66,127	9,919	9,149	(770)
July 2015	66,768		641	66,127	9,919	9,149	(770)
August 2015	73,558		706	72,852	10,928	8,176	(2,752)
September 2015	60,844		584	60,260	9,039	7,466	(1,573)
October 2015	76,310		433	75,877	11,382	10,890	(492)
November 2015	42,554		409	42,145	6,322	8,045	1,723
December 2015	44,510		427	44,083	6,612	10,833	4,221
January 2016	37,477		360	37,117	5,568	8,302	2,734
February 2016	50,465	536	250	49,679	7,452	8,289	837
March 2016	46,254		444	45,810	6,872	9,358	2,486
April 2016	41,024		394	40,630	6,095	8,062	1,967
May 2016	53,598		515	53,083	7,962	9,017	1,055
June 2016	65,539		628	64,911	9,737	9,698	(39)
<b>Total</b>	<b>\$ 658,901</b>	<b>536</b>	<b>5,791</b>	<b>652,574</b>	<b>97,888</b>	<b>107,285</b>	<b>9,397</b>

**Total Indirect Costs Disallowed \$ 15,023<sup>(iv)</sup>**

- (i) Amounts derived from LFCD's monthly invoice claims submitted to DHA for direct costs only. The 2015-16 Agreement provided LFCD reimbursement for indirect costs based on 15% of total direct costs claimed.
- (ii) Amounts consist of disallowed costs noted from our testing of direct cost transactions only.
- (iii) Amounts consist of projected disallowed costs noted from our testing of direct cost transactions only.
- (iv) We consider the total indirect amount over-claimed of \$15,023 (\$1,723 + \$4,221 + \$2,734 + \$837 + \$2,486 + \$1,967 + \$1,055) as disallowed costs. Per the 2015-16 Agreement, the allowable 15% of direct costs for indirect cost reimbursement is calculated on a monthly basis only. As such, the under-claimed amounts totaling \$5,626 (\$770 + \$2,752 + \$1,573 + \$492 + \$39) cannot be applied to months that are over-claimed.

As described in Table 4 and Table 5, we noted disallowed indirect costs in the amounts of \$23,493 and \$15,023 for FY 2014-15 and FY 2015-16, respectively.

LFCD's FY 2014-15 allowable indirect expenses were calculated based on the disallowed costs described in section 3b of this finding and projected disallowed costs described in section 3c of this finding. LFCD's FY 2015-16 allowable indirect expenses were calculated based on the disallowed costs described in section 3b of this finding for direct costs only and



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the disallowed costs described in section 3c of this finding for direct costs only. See Schedule I, *Schedule of Questioned and Disallowed Costs*.

Recommendation

We recommend LFCD review the Agreements and ensure its indirect costs claimed are within the Agreements' requirements. Any costs that are over the monthly indirect cost limit should not be claimed for reimbursement. We further recommend DHA contact LFCD to develop a resolution to resolve the issue of the disallowed costs noted in this Finding.

DHA's Management Response

DHA agrees with the findings, however, has recognized the error in this requirement and has changed the contract verbiage to account for ebbs and flows in program costs. Contractors are no longer held to a percentage per month but rather a percentage over the course of the contract. DHA will work with LFCD to resolve this issue.

**4. General Ledger Review**

We reiterate the comments at Finding Numbers 3 and 5.

Recommendation

We reiterate the recommendations at Finding Numbers 3 and 5.

DHA's Management Response

DHA agrees with the finding. DHA will work with LFCD to resolve this issue.

**5. Cost Allocation Review**

During our review, we noted several transactions were included in the shared cost pool were directly allocable to specific programs and did not benefit the other programs that were included in the shared cost pool. By charging direct program expenses to the shared cost pool, LFCD is incorrectly claiming expenses to the ESE program. As such, we consider the total shared costs claimed in the amount of \$6,873 for June 2015 (\$2,585), October 2015 (\$3,142), and February 2016 (\$1,146) as questioned costs. There were no shared costs claimed in February 2015.

Recommendation

We recommend LFCD ensure that only eligible indirect expenses are charged to its shared cost pool. Costs that can be directly allocated to its programs should be allocated as such. We further recommend DHA contact LFCD to develop a resolution to resolve the questioned costs in the amount of \$6,873.

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DHA's Management Response

DHA agrees with the finding. LFCD agrees that only eligible indirect costs should be charged to the shared cost pool and has revised their procedures to reduce group purchasing and instead is charging expenses directly to the offices / programs that benefit. DHA will work with LFCD to resolve this issue.

**6. Funding Sources Review**

No exceptions were noted.

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Budget Items	Budget <sup>(i)</sup>	LFCD's Invoice Claims <sup>(ii)</sup>	Questioned Costs <sup>(iii)</sup>	Disallowed Costs <sup>(iv)</sup>
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 191,686	53,518		
Benefits	59,422	10,081		
<b>Total Personnel</b>	<u>251,108</u>	<u>63,599</u>		
Total ESE Employer Wage Costs	240,000	67,747	3,433	
Training for Participants (Employer Required)				
<b>Subtotal Wages and Training</b>	<u>240,000</u>	<u>67,747</u>	<u>3,433</u>	
<b>TOTAL DIRECT COSTS</b>	<u>491,108</u>	<u>131,346</u>	<u>3,433</u>	
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	28,553	14,221		
Administrative Staff Benefits	8,851	4,146	348	
Rent	18,000	17,058	221	488
Utilities	2,400	2,400		
Liability Insurance	2,400	2,400		
Telephones	2,400	2,400		
Staff Travel/Mileage for outreach & worksite visits	3,600	3,600		
Office Supplies (equipment leases, no purchases)	1,800	1,800		
Audit Fee for the Program	1,200	1,200		
Printing	1,200	1,200		
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<u>70,404</u>	<u>50,425</u>	<u>569</u>	<u>488</u>
<b>TOTAL COSTS</b>	<u>561,512</u>	<u>181,771</u>	<u>4,002</u>	<u>488</u>
Shared Cost			2,585	
LFCD's general ledger/worksheet and invoice claim differences			4,617	
Indirect Costs over 15% Agreement limit				23,493 <sup>(v)</sup>
<b>ADJUSTED TOTAL COSTS</b>	<u>\$ 561,512</u>	<u>181,771</u>	<u>11,204</u>	<u>23,981</u>
<b>Projection</b>			<u>39,656 <sup>(vi)</sup></u>	<u>1,729 <sup>(vii)</sup></u>
<b>TOTAL</b>			<u>\$ 50,860</u>	<u>25,710</u>

<sup>(i)</sup> Budget amounts obtained from contractual agreements and amended budget memorandum.

<sup>(ii)</sup> LFCD's Invoice Claims column represents total invoice claims submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(iii)</sup> Questioned Costs column represents combined amounts of \$11,204; \$0 and \$4,617 at Schedule II, pages 1 and 2, and \$569 and \$6,018 at Schedule III, pages 1 and 2, respectively.

<sup>(iv)</sup> Disallowed Costs column represents combined amounts of \$23,980; \$0 and \$488 from Schedule III, pages 1 and 2 and \$23,493 from <sup>(v)</sup> below.

<sup>(v)</sup> Amount represents disallowed costs noted from over-claimed indirect costs. See Finding Number 3d in Attachment I, *Findings and Recommendations* for consideration of disallowed indirect costs.

<sup>(vi)</sup> Projected Questioned Costs column represents the amount projected as questioned costs for the remaining monthly invoice claims not selected for testing. For consideration of the projected questioned costs, see Finding Number 3c in Attachment I, *Findings and Recommendations*.

<sup>(vii)</sup> Projected Disallowed Costs column represents the amount projected as disallowed costs for the remaining monthly invoice claims not selected for testing. For consideration of the projected disallowed costs, see Finding Number 3c in Attachment I, *Findings and Recommendations*.

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<b>Budget Items</b>	<b>Budget</b> <sup>(i)</sup>	<b>LFCD's Invoice Claims</b> <sup>(ii)</sup>	<b>Questioned Costs</b> <sup>(iii)</sup>	<b>Disallowed Costs</b> <sup>(iv)</sup>
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 196,316	186,560		
Benefits	57,409	53,894		
<b>Total Personnel</b>	<b>253,725</b>	<b>240,454</b>		
Total ESE Employer Wage Costs		399,579		536
Training for Participants (Employer Required)		26,236		
Adjustments (enter in negative numbers)		(7,368)		
<b>Subtotal Wages and Training</b>	<b>440,000</b>	<b>418,447</b>		<b>536</b>
<b>TOTAL DIRECT COSTS</b>	<b>693,725</b>	<b>658,901</b>		<b>536</b>
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	28,108	27,947		
Administrative Staff Benefits	7,590	7,590		
Rent	31,116	31,104		243
Utilities	7,089	6,635		
Liability Insurance	3,280	3,038		
Telephones	8,312	8,246		
Janitorial	3,000	3,000		
Staff Travel/Mileage for outreach & worksite visits	5,795	5,795		
Office Supplies (equipment leases, no purchases)	9,039	7,599		
Audit Fee for the Program	400	400		
Printing	5,931	5,931		
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<b>109,660</b>	<b>107,285</b>		<b>243</b>
<b>TOTAL MAXIMUM REIMBURSABLE COSTS</b>	<b>803,385</b>	<b>766,186</b>		<b>779</b>
Shared Cost			4,288	
LFCD's general ledger/worksheet and invoice claim differences			12,998	
Indirect Costs over 15% Agreement limit				15,023 <sup>(v)</sup>
<b>ADJUSTED TOTAL COSTS</b>	<b>\$ 803,385</b>	<b>766,186</b>	<b>17,286</b>	<b>15,802</b>
<b>Projection</b>			<b>92,601</b> <sup>(vi)</sup>	<b>5,791</b> <sup>(vii)</sup>
<b>TOTAL</b>			<b>\$ 109,887</b>	<b>21,593</b>

<sup>(i)</sup> Budget amounts obtained from contractual agreements and amended budget memorandum.

<sup>(ii)</sup> LFCD's Invoice Claims column represents total invoice claims submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(iii)</sup> Questioned Costs column represents combined amounts of \$17,286; \$3,843 and \$9,155 at Schedule II, pages 3 and 4, respectively, and \$3,142 and \$1,146 at Schedule III, pages 3 and 4, respectively.

<sup>(iv)</sup> Disallowed Costs column represents combined amounts of \$2,775; \$0 and \$779 from Schedule III, pages 3 and 4, and \$15,023 from <sup>(v)</sup> below.

<sup>(v)</sup> Amount represents disallowed costs noted from over-claimed indirect costs. See Finding Number 3d in Attachment I, *Findings and Recommendations* for consideration of disallowed indirect costs.

<sup>(vi)</sup> Projected Questioned Costs column represents the amount projected as questioned costs for the remaining monthly invoice claims not selected for testing. For consideration of the projected questioned costs, see Finding Number 3c in Attachment I, *Findings and Recommendations*.

<sup>(vii)</sup> Projected Disallowed Costs column represents the amount projected as disallowed costs for the remaining monthly invoice claims not selected for testing. For consideration of the projected disallowed costs, see Finding Number 3c in Attachment I, *Findings and Recommendations*.

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	<u>Fiscal Year 2014-15</u>	<u>Fiscal Year 2015-16</u>	<u>Grand Total</u> <sup>(iii)</sup>
<b>QUESTIONED COSTS<sup>(i)</sup></b>			
Transaction Testing	\$ 4,002		4,002
Shared Cost	2,585	4,288	6,873
LFCD's General Ledger/Worksheet and Invoice Claim Differences	4,617	12,998	17,615
Projected Questioned Costs	<u>39,656</u>	<u>92,601</u>	<u>132,257</u>
<b>Total</b>	<b><u>\$ 50,860</u></b>	<b><u>109,887</u></b>	<b><u>160,747</u></b>
<b>DISALLOWED COSTS<sup>(ii)</sup></b>			
Transaction Testing	\$ 488	779	1,267
Indirect Costs over 15% Agreement Limit	23,493	15,023	38,516
Projected Disallowed Costs	<u>1,729</u>	<u>5,791</u>	<u>7,520</u>
<b>Total</b>	<b><u>\$ 25,710</u></b>	<b><u>21,593</u></b>	<b><u>47,303</u></b>

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

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

<sup>(iii)</sup> Grand Total column represents the sum of amounts listed in Fiscal Year 2014-15 and Fiscal Year 2015-16 columns, respectively.

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Budget Items	Monthly Claim <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Differences	
			Over <sup>(iii)</sup>	Under <sup>(iv)</sup>
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 344	344		
Benefits	48	48		
<b>Total Personnel</b>	<u>392</u>	<u>392</u>		
<b>ESE Employer Wage Costs</b>				
<b>Subtotal Wage Reimbursements</b>				
Training for Participants (Employer Required)				
<b>Subtotal Wages and Training</b>				
<b>TOTAL DIRECT COSTS</b>	<u>392</u>	<u>392</u>		
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	758	758		
Administrative Staff Benefits	411	411		
Rent	2,221	2,221		
Utilities	170	170		
Liability Insurance				
Telephones	1,800	1,800		
Staff Travel/Mileage for outreach & worksite visits				
Office Supplies (equipment leases, no purchases)	1,045	1,045		
Audit Fee for the Program				
Printing				
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<u>6,405</u>	<u>6,405</u>		
<b>TOTAL COSTS</b>	<u>\$ 6,797</u>	<u>6,797</u>		
			<b>Indirect Costs</b>	
			<b>Over</b>	<b>Under</b>
			<b>Claimed</b>	<b>Claimed</b>
<b>Indirect Costs over 15% Agreement limit</b>			<u>\$ 5,386</u> <sup>(v)</sup>	

<sup>(i)</sup> LFCD's Monthly Claims column represents February 2015's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(ii)</sup> Column represents amounts recorded in LFCD's general ledger.

<sup>(iii)</sup> Over column represents amounts on invoice claim submitted to DHA, but not recorded in LFCD's corresponding general ledgers.

<sup>(iv)</sup> Under column represents amounts not on the invoice claim submitted to DHA, but recorded in LFCD's corresponding general ledgers.

<sup>(v)</sup> See Finding 3d at Attachment I, *Current Findings and Recommendations*.

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Budget Items	Monthly Claim <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Differences	
			Over <sup>(iii)</sup>	Under <sup>(iv)</sup>
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 16,085	16,085		
Benefits	2,864	2,807	57	
<b>Total Personnel</b>	<b>18,949</b>	<b>18,892</b>	<b>57</b>	
<b>ESE Employer Wage Costs</b>	<b>37,375</b>	<b>37,375</b>		
<b>Subtotal Wage Reimbursements</b>	<b>37,375</b>	<b>37,375</b>		
Training for Participants (Employer Required)				
<b>Subtotal Wages and Training</b>	<b>37,375</b>	<b>37,375</b>		
<b>TOTAL DIRECT COSTS</b>	<b>56,324</b>	<b>56,267</b>	<b>57</b>	
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	3,696	3,696		
Administrative Staff Benefits	974	1,031		(57)
Rent	6,502	2,939	3,563	
Utilities	413	929		(516)
Liability Insurance		1,166		(1,166)
Telephones	44	1,509		(1,465)
Staff Travel/Mileage for outreach & worksite visits	1,433	705	728	
Office Supplies (equipment leases, no purchases)		1,053		(1,053)
Audit Fee for the Program	269		269	
Printing	14	364		(350)
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<b>13,345</b>	<b>13,392</b>	<b>4,560</b>	<b>(4,607)</b>
<b>TOTAL COSTS</b>	<b>\$ 69,669</b>	<b>69,659</b>	<b>4,617</b>	<b>(4,607)</b>

Indirect Costs over 15% Agreement limit	Indirect Costs	
	Over Claimed	Under Claimed
	\$ 3,034 <sup>(v)</sup>	

<sup>(i)</sup> LFCD's Monthly Claims column represents June 2015's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(ii)</sup> Column represents amounts recorded in LFCD's general ledger.

<sup>(iii)</sup> Over column represents amounts on invoice claim submitted to DHA, but not recorded in LFCD's corresponding general ledgers.

<sup>(iv)</sup> Under column represents amounts not on the invoice claim submitted to DHA, but recorded in LFCD's corresponding general ledgers.

<sup>(v)</sup> See Finding 3d at Attachment I, *Current Findings and Recommendations*.

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Budget Items	Monthly Claim <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Differences	
			Over <sup>(iii)</sup>	Under <sup>(iv)</sup>
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 14,558	14,558		
Benefits	5,021	4,454	567	
<b>Total Personnel</b>	<b>19,579</b>	<b>19,012</b>	<b>567</b>	
Total ESE Employer Wage Costs	51,736	51,736		
Training for Participants (Employer Required)	4,995	4,995		
Adjustments (enter in negative numbers)				
<b>Subtotal Wages and Training</b>	<b>56,731</b>	<b>56,731</b>		
<b>TOTAL DIRECT COSTS</b>	<b>76,310</b>	<b>75,743</b>	<b>567</b>	
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	2,340	2,340		
Administrative Staff Benefits	584	1,150		(566)
Rent	2,696	4,942		(2,246)
Utilities	444	620		(176)
Liability Insurance		287		(287)
Telephones	593	619		(26)
Janitorial		45		(45)
Staff Travel/Mileage for outreach & worksite visits	485	485		
Office Supplies (equipment leases, no purchases)	188	549		(361)
Audit Fee for the Program				
Printing	3,560	284	3,276	
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<b>10,890</b>	<b>11,321</b>	<b>3,276</b>	<b>(3,707)</b>
<b>TOTAL COSTS</b>	<b>\$ 87,200</b>	<b>87,064</b>	<b>3,843</b>	<b>(3,707)</b>
			<b>Indirect Costs</b>	
			<b>Over Claimed</b>	<b>Under Claimed</b>
<b>Indirect Costs over 15% Agreement limit</b>			<b>\$</b>	<b>(492)</b> <sup>(v)</sup>

<sup>(i)</sup> LFCD's Monthly Claims column represents October 2015's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(ii)</sup> Column represents amounts recorded in LFCD's general ledger.

<sup>(iii)</sup> Over column represents amounts on invoice claim submitted to DHA, but not recorded in LFCD's corresponding general ledgers.

<sup>(iv)</sup> Under column represents amounts not on the invoice claim submitted to DHA, but recorded in LFCD's corresponding general ledgers.

<sup>(v)</sup> See Finding 3d at Attachment I, *Current Findings and Recommendations*.

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Budget Items	Monthly Claim <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Differences	
			Over <sup>(iii)</sup>	Under <sup>(iv)</sup>
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 15,704	15,704		
Benefits	5,114	4,508	606	
<b>Total Personnel</b>	<b>20,818</b>	<b>20,212</b>	<b>606</b>	
Total ESE Employer Wage Costs	29,647	22,279	7,368	
Training for Participants (Employer Required)				
Adjustments (enter in negative numbers)				
<b>Subtotal Wages and Training</b>	<b>29,647</b>	<b>22,279</b>	<b>7,368</b>	
<b>TOTAL DIRECT COSTS</b>	<b>50,465</b>	<b>42,491</b>	<b>7,974</b>	
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	1,797	2,340		(543)
Administrative Staff Benefits	1,312	1,242	70	
Rent	2,833	2,833		
Utilities	1,351	240	1,111	
Liability Insurance		642		(642)
Telephones	569	598		(29)
Janitorial		48		(48)
Staff Travel/Mileage for outreach & worksite visits	217	217		
Office Supplies (equipment leases, no purchases)	144	278		(134)
Audit Fee for the Program				
Printing	66	283		(217)
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<b>8,289</b>	<b>8,721</b>	<b>1,181</b>	<b>(1,613)</b>
<b>TOTAL COSTS</b>	<b>\$ 58,754</b>	<b>51,212</b>	<b>9,155</b>	<b>(1,613)</b>
			<b>Indirect Costs</b>	
			<b>Over Claimed</b>	<b>Under Claimed</b>
<b>Indirect Costs over 15% Agreement limit</b>			<b>\$ 837 <sup>(v)</sup></b>	

<sup>(i)</sup> LFCD's Monthly Claims column represents February 2016's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(ii)</sup> Column represents amounts recorded in LFCD's general ledger.

<sup>(iii)</sup> Over column represents amounts on invoice claim submitted to DHA, but not recorded in LFCD's corresponding general ledgers.

<sup>(iv)</sup> Under column represents amounts not on the invoice claim submitted to DHA, but recorded in LFCD's corresponding general ledgers.

<sup>(v)</sup> See Finding 3d at Attachment I, *Current Findings and Recommendations*.

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 Schedule of Questioned and Disallowed Costs from Test of Transactions  
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Budget Items	Monthly Claim	Per General Ledger	Questioned Costs	Disallowed Costs
	(i)	(ii)		
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 344	344		
Benefits	48	48		
<b>Total Personnel</b>	<u>392</u>	<u>392</u>		
ESE Employer Wage Costs				
<b>Subtotal Wage Reimbursements</b>				
Training for Participants (Employer Required)				
<b>Subtotal Wages and Training</b>				
<b>TOTAL DIRECT COSTS</b>	<u>392</u>	<u>392</u>		
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	758	758		
Administrative Staff Benefits	411	411	348 (iii)	
Rent	2,221	2,221	221 (iii)	
Utilities	170	170		
Liability Insurance				
Telephones	1,800	1,800		
Staff Travel/Mileage for outreach & worksite visits				
Office Supplies (equipment leases, no purchases)	1,045	1,045		
Audit Fee for the Program				
Printing				
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<u>6,405</u>	<u>6,405</u>	<u>569</u>	
<b>TOTAL COSTS</b>	<u>6,797</u>	<u>6,797</u>	<u>569</u>	
Shared Cost				
<b>ADJUSTED TOTAL COSTS</b>	<u>\$ 6,797</u>	<u>6,797</u>	<u>569</u>	

(i) LFCD's Monthly Claims column represents February 2015's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

(ii) Column represents amounts recorded in LFCD's general ledger.

(iii) See Finding 3b at Attachment I, *Current Findings and Recommendations*.

County of Sacramento  
 Department of Human Assistance  
 Lao Family Community Development, Inc.  
 Fiscal Monitoring Review  
 Schedule of Questioned and Disallowed Costs from Test of Transactions  
 For the Month of June 2015

<b>Budget Items</b>	<b>Monthly Claim</b>	<b>Per General Ledger</b>	<b>Questioned Costs</b>	<b>Disallowed Costs</b>
	(i)	(ii)		
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 16,085	16,085		
Benefits	2,864	2,807		
<b>Total Personnel</b>	<b>18,949</b>	<b>18,892</b>		
ESE Employer Wage Costs	37,375	37,375	3,433	
<b>Subtotal Wage Reimbursements</b>	<b>37,375</b>	<b>37,375</b>	<b>3,433</b>	(iii)
Training for Participants (Employer Required)	37,375	37,375	3,433	
<b>Subtotal Wages and Training</b>	<b>37,375</b>	<b>37,375</b>	<b>3,433</b>	
<b>TOTAL DIRECT COSTS</b>	<b>56,324</b>	<b>56,267</b>	<b>3,433</b>	
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	3,696	3,696		
Administrative Staff Benefits	974	1,031		
Rent	6,502	2,939		488 (iii)
Utilities	413	929		
Liability Insurance		1,166		
Telephones	44	1,509		
Staff Travel/Mileage for outreach & worksite visits	1,433	705		
Office Supplies (equipment leases, no purchases)		1,053		
Audit Fee for the Program	269			
Printing	14	364		
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<b>13,345</b>	<b>13,392</b>		<b>488</b>
<b>TOTAL COSTS</b>	<b>69,669</b>	<b>69,659</b>	<b>3,433</b>	<b>488</b>
Shared Cost			2,585 (iv)	
<b>ADJUSTED TOTAL COSTS</b>	<b>\$ 69,669</b>	<b>69,659</b>	<b>6,018</b>	<b>488</b>

(i) LFCD's Monthly Claims column represents June 2015's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

(ii) Column represents amounts recorded in LFCD's general ledger.

(iii) See Finding 3b at Attachment I, *Current Findings and Recommendations*.

(iv) See Finding 5 at Attachment I, *Current Findings and Recommendations*.

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

County of Sacramento  
 Department of Human Assistance  
 Lao Family Community Development, Inc.  
 Fiscal Monitoring Review  
 Schedule of Questioned and Disallowed Costs from Test of Transactions  
 For the Month of October 2015

Budget Items	Monthly Claim <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Questioned Costs	Disallowed Costs
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 14,558	14,558		
Benefits	5,021	4,454		
<b>Total Personnel</b>	<u>19,579</u>	<u>19,012</u>		
Total ESE Employer Wage Costs	51,736	51,736		
Training for Participants (Employer Required)	4,995	4,995		
Adjustments (enter in negative numbers)				
<b>Subtotal Wages and Training</b>	<u>56,731</u>	<u>56,731</u>		
<b>TOTAL DIRECT COSTS</b>	<u>76,310</u>	<u>75,743</u>		
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	2,340	2,340		
Administrative Staff Benefits	584	1,150		
Rent	2,696	4,942		
Utilities	444	620		
Liability Insurance		287		
Telephones	593	619		
Janitorial		45		
Staff Travel/Mileage for outreach & worksite visits	485	485		
Office Supplies (equipment leases, no purchases)	188	549		
Audit Fee for the Program				
Printing	3,560	284		
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<u>10,890</u>	<u>11,321</u>		
<b>TOTAL COSTS</b>	<u>87,200</u>	<u>87,064</u>		
Shared Cost			3,142 <sup>(iii)</sup>	
<b>ADJUSTED TOTAL COSTS</b>	<u>\$ 87,200</u>	<u>\$ 87,064</u>	<u>3,142</u>	

<sup>(i)</sup> LFCD's Monthly Claims column represents October 2015's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(ii)</sup> Column represents amounts recorded in LFCD's general ledger.

<sup>(iii)</sup> See Finding 5 at Attachment I, *Current Findings and Recommendations*.

County of Sacramento  
 Department of Human Assistance  
 Lao Family Community Development, Inc.  
 Fiscal Monitoring Review  
 Schedule of Questioned and Disallowed Costs from Test of Transactions  
 For the Month of February 2016

Budget Items	Monthly Claim <sup>(i)</sup>	Per General Ledger <sup>(ii)</sup>	Questioned Costs	Disallowed Costs
<b>DIRECT COSTS</b>				
<b>Personnel Costs</b>				
Salaries	\$ 15,704	15,704		
Benefits	5,114	4,508		
<b>Total Personnel</b>	<b>20,818</b>	<b>20,212</b>		
Total ESE Employer Wage Costs	29,647	22,279		536 <sup>(iii)</sup>
Training for Participants (Employer Required)				
Adjustments (enter in negative numbers)				
<b>Subtotal Wages and Training</b>	<b>29,647</b>	<b>22,279</b>		<b>536</b>
<b>TOTAL DIRECT COSTS</b>	<b>50,465</b>	<b>42,491</b>		<b>536</b>
<b>INDIRECT COSTS:</b>				
Administrative Staff Salaries	1,797	2,340		
Administrative Staff Benefits	1,312	1,242		
Rent	2,833	2,833		243 <sup>(iii)</sup>
Utilities	1,351	240		
Liability Insurance		642		
Telephones	569	598		
Janitorial		48		
Staff Travel/Mileage for outreach & worksite visits	217	217		
Office Supplies (equipment leases, no purchases)	144	278		
Audit Fee for the Program				
Printing	66	283		
<b>TOTAL INDIRECT COSTS (15% Maximum)</b>	<b>8,289</b>	<b>8,721</b>		<b>243</b>
<b>TOTAL COSTS</b>	<b>58,754</b>	<b>51,212</b>		<b>779</b>
Shared Cost			1,146 <sup>(iv)</sup>	
<b>ADJUSTED TOTAL COSTS</b>	<b>\$ 58,754</b>	<b>51,212</b>	<b>1,146</b>	<b>779</b>

<sup>(i)</sup> LFCD's Monthly Claims column represents February 2016's invoice claim submitted to the County of Sacramento, Department of Human Assistance (DHA) by Lao Family Community Development, Inc. (LFCD).

<sup>(ii)</sup> Column represents amounts recorded in LFCD's general ledger.

<sup>(iii)</sup> See Finding 3b at Attachment I, *Current Findings and Recommendations*.

<sup>(iv)</sup> See Finding 5 at Attachment I, *Current Findings and Recommendations*.