

COUNTY OF SACRAMENTO

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

INTERNAL AUDIT REPORT
FORM FNS-209 VALIDATION
DEPARTMENT OF HUMAN ASSISTANCE



Audit Committee Submittal Date: October 28, 2019

SUMMARY

Background

The County of Sacramento Department of Human Assistance (DHA) submits Form FNS-209, Status of Claims Against Households (FNS-209) to California Department of Social Services (CDSS) every quarter. CDSS requires DHA's FNS-209 every quarter ended June 30 be validated by the County of Sacramento, Department of Finance. As such, the Department of Finance performed agreed-upon procedures to validate FNS-209 as required by CDSS.

Audit Objective

Perform procedures as required by CDSS to validate FNS-209 for the quarter ended June 30, 2019.

Summary

We noted two exceptions regarding Ending Balances (Line 13) reported on FNS-209 as a result of our procedures.

Department of Finance

Ben Lamera,
Director



Auditor-Controller Division

Joyce Renison,
Assistant Auditor-Controller

County of Sacramento

September 27, 2019

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, solely to assist the Department of Human Assistance (DHA) to validate its Form FNS-209, Status of Claims Against Households (FNS-209) for the quarter ended June 30, 2019, as required by the California Department of Social Services (CDSS). DHA's management is responsible for ensuring the accuracy of the FNS-209 and compliance with all applicable Federal laws, State statutes, and County ordinances. 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 the 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:

- 1) Accountability Test 1 (FNS-209 Information) – We obtained system-generated case level reports that support the data on lines 3b through 20b of the FNS-209 for the quarter ended June 30, 2019 from DHA. We verified that the reports were broken down by type of claim, by client, and by dollar amount, with summary totals for data on lines 3b through 20b for the quarter ended June 30, 2019. We compared system-generated reports' totals to the amounts reported on line 3b through 20b of the FNS-209 report for the quarter ended June 30, 2019 and determined whether there was a direct data relationship between the actual case records and the data reported on FNS-209. We also verified that data reported on the FNS-209 can be traced to individual cases.

Finding: We did not note any exceptions as a result of our procedures.

- 2) Accountability Test 2 (FNS-209 Balances) – We obtained system-generated case level reports that support the line 13, Ending Balance of the FNS-209 for the quarter ended June 30, 2019 from DHA. We verified that reports were broken down by type of claim, by client, and by dollar amount, with complete histories of all claims in DHA system. We compared the reports' totals from the system-generated history report to the corresponding ending balances reported on the FNS-209 and determined whether there was a direct data relationship between the actual case records and the data reported on FNS-209. We also verified that data reported on the FNS-209 can be traced to individual cases.

Finding: We noted two exceptions regarding Line 13 on Form FNS-209 as a result of our procedures. See Attachment I, *Comments and Recommendations* and Schedule I, *Schedule of FNS-209 Reporting Differences*.

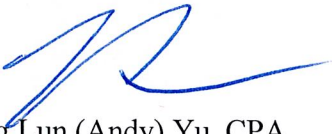
This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not perform an audit or examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on DHA's FNS-209, internal control, compliance, amounts presented in the accompanying attachment and schedule, or results of our procedures referred above. 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. This report relates only to the results of our procedures referred to above, and does not extend to DHA's operations as a whole.

DHA's management responses to the findings identified during our engagement are described in Attachment I, *Comments 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 Sacramento County Board of Supervisors, Sacramento County Audit Committee, 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, CPA
Audit Manager

Attachment I, *Comments and Recommendations*
Schedule I, *Schedule of FNS-209 Reporting Differences*

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
Form FNS-209, Status of Claims Against Households
Comments and Recommendations
For the Quarter Ended June 30, 2019

1. Accountability Test 2 - Differences between System-Generated Case Level Reports

Comment

During our review of Line 13, Ending Balance, of the Form FNS-209, Status of Claims Against Households (FNS-209) for the quarter ended June 30, 2019 we noted differences between the FNS-209 and system-generated case level reports. See detail of the differences at Schedule I, *Schedule of FNS-209 Reporting Differences*.

Recommendation

We recommend DHA reconcile FNS-209 ending balances to supporting documents before submitting it to California Department of Social Services (CDSS). In addition, DHA should research the causes for the differences and adjust the differences in next FNS-209 for the quarter ended September 30, 2019. After DHA identifies the causes for the differences, it should develop procedures to prevent any future differences to ensure accurate reporting and compliance of FNS-209.

DHA's Management Response

The differences noted on the FNS-209 report Ending Balance (line 13) are as a result of the following.

1. The cumulative effect of the ongoing issue with the CALWIN system where the Ending balances for one quarter does not match the Beginning balances for the next.
2. Also, the reported Ending Balances will not match the system generated balances because of the new instructions per CFL 15/16-63 to exclude actual Treasury Offset Program (TOP) collections (case level) and include data from the specified TOP cycles for each quarter on line 14 (cash, check, M.O.) of the FNS 209. Because payments have not been received for all the TOP cycles reported or entered in the CALWIN system at time of reporting, the case level data will consequently not match the report.

DHA will continue to work with the CALWIN provider to identify reasons for the differences between ending and beginning balances.

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
Form FNS-209, Status of Claims Against Households
Comments and Recommendations
For the Quarter Ended June 30, 2019

2. Accountability Test 2 - Case Level Detail for CDSS Treasury Offset Program

Comment

One of the documents for support of Line 13, Ending Balance, FNS-209 was CDSS Treasury Offset Program (TOP) Cycle report in amount of \$5,143,991.

DHA allocated CDSS TOP Cycle reported amounts by claim types (Intentional Program Violation, Inadvertent Household Error, and State Agency Administrative Error) on a monthly basis. Based on our recalculation, we noted that DHA applied an incorrect formula to allocate the CDSS TOP Cycle reported amounts for September 2018. As a result, the CDSS TOP Cycle reported amounts and the adjusted total claim amounts per claim types as of June 30, 2019 are misstated as listed below.

	<u>Type of Claims</u>			<u>Total</u>
	<u>Intentional Program Violation (IPV)</u>	<u>Inadvertent Household Error (IHE)</u>	<u>State Agency Administrative Error (AE)</u>	
CDSS TOP Cycle Reported Amounts as of June 30, 2019				
DHA Worksheet	\$ (144,394)	(3,678,464)	(1,321,133)	(5,143,991)
Recalculated Amounts	<u>(142,578)</u>	<u>(3,704,733)</u>	<u>(1,296,680)</u>	<u>(5,143,991)</u>
Differences	<u>\$ (1,816)</u>	<u>26,269</u>	<u>(24,453)</u>	

	<u>Type of Claims</u>			<u>Total</u>
	<u>Intentional Program Violation (IPV)</u>	<u>Inadvertent Household Error (IHE)</u>	<u>State Agency Administrative Error (AE)</u>	
Adjusted Claim Amount as of June 30, 2019				
DHA History Data File	\$ 4,770,278	33,093,137	15,630,606	53,494,021
Recalculated Amounts*	<u>4,772,094</u>	<u>33,066,868</u>	<u>15,655,059</u>	<u>53,494,021</u>
Differences	<u>\$ (1,816)</u>	<u>26,269</u>	<u>(24,453)</u>	

*Adjusted claim amount used in *Schedule of FNS-209 Reporting Differences for the quarter that ended June 30, 2019*, see Schedule I, *Schedule of FNS-209 Reporting Differences*

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
Form FNS-209, Status of Claims Against Households
Comments and Recommendations
For the Quarter Ended June 30, 2019

Recommendation

We recommend that DHA perform a second review to verify the accuracy of amounts allocated to the CDSS TOP Cycle reports by claim types.

DHA's Management Response

DHA acknowledges the one error in calculation which was a result of clerical input that was not caught during the supervisor's review. We will work to ensure future FNS-209 submissions are reconciled to supporting documentation.

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
Form FNS-209, Status of Claims Against Households
Schedule of FNS-209 Reporting Differences
For the Quarter that Ended June 30, 2019

	Type of Claims			Total
	Intentional Program Violation (IPV)	Inadvertent Household Error (IHE)	State Agency Administrative Error (AE)	
Number of Claims reported as Ending Balances (Line 13)				
System-generated Case Level Reports	2,212	35,006	54,315	91,533
FNS-209	2,297	38,120	59,980	100,397
Differences	<u>(85)</u>	<u>(3,114)</u>	<u>(5,665)</u>	<u>(8,864)</u>
Amount of Claims reported as Ending Balances (Line 13)				
Adjusted System-generated Case Level Reports *	\$ 4,772,094	33,066,868	15,655,059	53,494,021
FNS-209	4,596,135	32,813,873	16,067,967	53,477,975
Differences	<u>\$ 175,959</u>	<u>252,995</u>	<u>(412,908)</u>	<u>16,046</u>

* As described in Finding #2 at Attachment I, *Comments and Recommendations*, due to misstatement of California Department of Social Services (CDSS) Treasury Offset Program (TOP) Cycle amounts by claim types, the original system generated case level report amounts were adjusted.