

SACRAMENTO COUNTY DEPARTMENT OF HEALTH SERVICES

Independent Accountant's Report on
Applying Agreed-upon Procedures

WOMEN, INFANTS, AND CHILDREN SUPPLEMENTAL NUTRITION PROGRAM

Contract Number 19-10178 and Amendments A01, A02, and A03

October 1, 2021, through September 30, 2022



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 2024



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CALIFORNIA STATE CONTROLLER

June 21, 2024

Christine Sullivan, Division Chief
Women, Infants, and Children Division
California Department of Public Health
3901 Lennane Drive, MS 8600
Sacramento, CA 95834

Dear Ms. Sullivan:

The State Controller's Office has applied agreed-upon procedures to the Women, Infants, and Children Supplemental Nutrition Program costs claimed by the Sacramento County Department of Health Services, a provider in Sacramento, California. The agreed-upon procedures were applied to costs claimed under Contract Number 19-10178 and Amendments A01, A02, and A03 for the period of October 1, 2021, through September 30, 2022.

The Sacramento County Department of Health Services claimed and was reimbursed \$5,158,661 during the period. We did not identify any exceptions as a result of performing the agreed-upon procedures; see the Schedule.

The exit conference was held on March 19, 2024.

If you have any questions regarding this report, please contact Ella Finau, Chief, Special Audits Bureau, by telephone at (916) 322-7699, or by email at efinau@sco.ca.gov.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

KAT/rs

Ms. Christine Sullivan
June 21, 2024
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Copy: William Welch, Assistant Division Chief, Operations
Women, Infants, and Children Division
California Department of Public Health
Ia Lo, Chief
Local Services Branch
Women, Infants, and Children Division
California Department of Public Health
Elizabeth Crum, Chief, Northern Services Section
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Cheryl Ungerman, Chief, Monitoring Services Unit
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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The State Controller's Office (SCO) has performed the procedures described below, which were agreed to by the California Department of Public Health's (CDPH) Women, Infants, and Children (WIC) Division and the SCO to assist you in evaluating the costs claimed by the Sacramento County Department of Health Services during the federal fiscal year ending September 30, 2022, for compliance with the U.S. Code of Federal Regulations, the CDPH *WIC Policy and Procedures Manual*, and Contract Number 19-10178 and Amendments A01, A02, and A03 executed between the Sacramento County Department of Health Services and the CDPH WIC Division.

The Sacramento County Department of Health Services' management is responsible for its compliance with the specified requirements. The sufficiency of these procedures is the responsibility of the CDPH WIC Division, and the accuracy of the accounting records is the responsibility of the Sacramento County Department of Health Services. Consequently, the SCO makes no representation regarding the sufficiency of the procedures described below or the accuracy of the accounting records provided, either for the purpose for which this report has been requested or for any other purpose.

The CDPH has acknowledged that the agreed-upon procedures listed below are appropriate to meet the intended purpose of this engagement. The procedures performed may not address all of the items of interest to a user of this report, and may not meet the needs of all users of this report; therefore, users are responsible for determining whether the procedures are appropriate for their purposes.

The Sacramento County Department of Health Services claimed and was reimbursed \$5,158,661 during the period under review. We did not identify any exceptions as a result of performing the agreed-upon procedures; see the Schedule.

AGREED-UPON PROCEDURES	FINDINGS
1. Reviewed the provider's Independent Auditor's Report applicable to the engagement to determine whether the report revealed findings relative to the CDPH WIC Division and whether substantial doubt exists about the provider's ability to continue as a going concern.	The Independent Auditor's Report contained no findings relative to the CDPH WIC Division; nor did it indicate that substantial doubt exists about the provider's ability to continue as a going concern. We found no exceptions as a result of this procedure.
2. Reconciled total WIC contract expenditures claimed on the monthly or quarterly invoices to the provider's worksheets and expenditure ledgers.	We found no exceptions as a result of this procedure.

AGREED-UPON PROCEDURES	FINDINGS
3. Determined whether the provider reported nutrition-education costs and breastfeeding promotion and support costs in compliance with the CDPH <i>WIC Policy and Procedures Manual</i> .	The provider reported nutrition-education costs and breastfeeding promotion and support costs in compliance with the CDPH <i>WIC Policy and Procedures Manual</i>. We found no exceptions as a result of this procedure.
4. Determined whether the provider conducted a time study in accordance with the CDPH <i>WIC Policy and Procedures Manual</i> . Verified that the reporting categories percentages in Provision C of the Report of Actual Expenditures were accurately reported, and that the costs were correctly charged to the appropriate program categories.	The provider conducted a time study in accordance with the CDPH <i>WIC Policy and Procedures Manual</i>. We found no exceptions as a result of this procedure.
5. Reconciled at least a one (1) quarter period (three [3] consecutive months) of the WIC salary and wage costs recorded in the WIC expenditure ledgers to the provider's payroll registers and/or general ledger.	We reconciled the one-quarter (three month) period from July 1, 2022, through September 30, 2022. We found no exceptions as a result of this procedure.
6. Selected at least one employee from each classification listed on the Budget Detail Worksheet from the period sampled (in Agreed-upon Procedure Number 5), including any employee who works for the WIC and other programs, and traced and agreed the salaries and wages to documentation such as personnel files and timecards to determine whether the salaries and wage costs were in compliance with Title 2, Code of Federal Regulations, Part 200 (2 CFR 200). As part of this procedure, we completed the following tasks: a. We interviewed the local agency's (provider's) management regarding the methodology used to charge their time to various programs. b. We determined the appropriateness and sufficiency of the methodology used. c. We determined the reasonableness of the hourly rate for each classification.	We selected one employee from each of the eight classifications listed on the Budget Detail Worksheet from the period sampled in Agreed-upon Procedure Number 5, July 1, 2022, through September 30, 2022. There are no employees who work on WIC and other programs. The salaries and wages were in compliance with 2 CFR 200. The provider used an appropriate and sufficient methodology to charge time to various programs, and the hourly rates for each classification were reasonable. We found no exceptions as a result of this procedure.
7. Selected and reconciled at least a one (1) quarter period (three [3] consecutive months) of the fringe benefits claimed to the amounts recorded in the provider's general ledger. Determined whether the fringe benefits were accurately calculated and were allowable under 2 CFR 200.	We reconciled the one-quarter (three month) period from July 1, 2022, through September 30, 2022. We found no exceptions as a result of this procedure.

AGREED-UPON PROCEDURES	FINDINGS
8. From the operating expenses claimed, selected transactions equal to at least 10% of the total operating expenses claimed from the expenditure ledger and traced them to supporting documents such as purchase orders, invoices, cancelled checks, and/or approvals to determine whether costs claimed were in compliance with 2 CFR 200. Determined whether purchases of \$2,500 or over had pre-approval from the CDPH WIC Division.	We selected and traced to supporting documentation 18 operating expense items totaling 10.26% of the operating expense costs claimed during the engagement period. We found no exceptions as a result of this procedure.
9. For capital expenditures (Major Equipment), determined whether pre-approval from the CDPH WIC Division was obtained before any renovation work started. Determined whether the provider obtained three bids for subcontract services, or provided a justification for a sole-source award when hiring a subcontractor. Determined whether the costs were allowable under 2 CFR 200.	This procedure was not performed because the provider did not claim and was not reimbursed for Capital Expenditure costs.
10. For other costs (Subcontractors), verified that the provider monitored its subcontractors (if any) by assuring propriety of monthly billings. Determined whether the provider met its responsibilities as specified in the CDPH WIC <i>Policy and Procedures Manual</i>. Determined whether the costs were allowable under 2 CFR 200.	This procedure was not performed because the provider did not claim and was not reimbursed for Subcontractors (other costs).
11. Verified that expenditures exceeding the federal minimum levels were properly approved in advance by the CDPH WIC Division and/or the United States Department of Agriculture.	This procedure was not performed because the provider did not claim costs for expenditures exceeding the federal minimum level.
12. Determined whether the provider received program income from sources other than the CDPH WIC Division and verified that the income was reported in accordance with the CDPH WIC <i>Policy and Procedures Manual</i>.	The provider did not receive program income from other sources. We found no exceptions as a result of this procedure.
13. Verified that proper cost cut-off occurred at fiscal year-end and/or at contract termination.	We found no exceptions as a result of this procedure.
14. Reviewed and determined whether the indirect cost allocation plan and indirect cost rate included any ineligible components specified by 2 CFR 200.	We found no exceptions as a result of this procedure.

AGREED-UPON PROCEDURES	FINDINGS
15. Verified that the indirect cost rate claimed by the provider did not exceed the least of: • The amount authorized by the WIC contract; • The indirect cost rate that was approved by the CDPH WIC Division or a cognizant federal agency; or • The actual indirect costs allocated to the provider's WIC program.	We found no exceptions as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and the attestation standards established by the American Institute of Certified Public Accountants.

The SCO was not engaged to, and did not, conduct an examination or review, the objective of which would be to express an opinion or conclusion on the Sacramento County Department of Health Services compliance with the U.S. Code of Federal Regulations, the CDPH *WIC Policy and Procedures Manual*, and Contract Number 19-10178 and Amendments A01, A02, and A03. Accordingly, the SCO does not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

The SCO is required to be independent of the Sacramento County Department of Health Services and to meet other ethical responsibilities, in accordance with *Government Auditing Standards*, relating to agreed-upon procedures engagements.

The purpose of this report is to communicate to the CDPH WIC Division the results of the aforementioned agreed-upon procedures that the SCO performed in accordance with applicable standards. This report is not suitable for any other purpose. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

Sacramento, California

June 21, 2024

Schedule—
Summary of Program Costs
October 1, 2021, through September 30, 2022

Description	Costs Claimed
Personnel expenses	\$ 3,824,578
Operating expenses	810,533
Capital expenditures (Major equipment)	—
Other costs (Subcontractors)	—
Indirect costs	<u>523,550</u>
Total contract costs¹	<u>\$ 5,158,661</u>

¹ The provider was reimbursed 100% of claimed costs.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

www.sco.ca.gov