COUNTY OF SACRAMENTO

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

INTERNAL AUDIT UNIT REPORT

DEPARTMENT OF HUMAN ASSISTANCE FNS-209 VALIDATION REPORT

JUNE 30, 2024

Audit Committee Submittal Date: 10/17/2024

SUMMARY

Background

The County of Sacramento Department of Human Assistance (DHA) submits Status of Claims Against Households Report (FNS-209 Report) to California Department of Social Services (CDSS) every quarter. CDSS requires DHA's FNS-209 Report 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 Report as required by CDSS.

Audit Objective

Perform procedures as required by CDSS to validate FNS-209 Report for the quarter ended June 30, 2024.

Summary

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

Department of Finance
Chad Rinde
Director

County of Sacramento

Divisions
Auditor-Controller
Consolidated Utilities Billing & Service
Investments
Revenue Recovery
Tax Collection & Licensing
Treasury

September 27, 2024

Ethan Dye, Director
Department of Human Assistance
County of Sacramento
1825 Bell Street, Suite 200
Sacramento, CA 95825

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Dear Mr. Dye:

We have performed the procedures enumerated below, which were requested and agreed to by you, solely to assist the County of Sacramento (County) Department of Human Assistance (DHA) to validate its FNS-209 Report, Status of Claims Against Households Report (FNS-209 Report) for the quarter ended June 30, 2024, as required by the California Department of Social Services (CDSS).

DHA's management is responsible for ensuring the accuracy of the FNS-209 Report 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 Report 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 Report for the quarter ended June 30, 2024 from DHA. We verified 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, 2024. 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, 2024 and determined whether there was a direct data

relationship between the actual case records and the data reported on FNS-209 Report. We also verified data reported 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 Report for the quarter ended June 30, 2024 from DHA. We verified 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 Report and determined whether there was a direct data relationship between the actual case records and the data reported on FNS-209 Report. We also verified data reported can be traced to individual cases.

   Finding: We noted one exception as a result of our procedures. See ATT 1 - *Schedule of FNS-209 Reporting Differences* and ATT 2 - *Current Finding and Recommendation.*

This agreed-upon procedures engagement was conducted in accordance with attestation standards contained in *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 Report, 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 response to the finding identified during our audit is described in ATT 2 – *Current Finding and Recommendation*. We did not perform procedures to validate DHA's management 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 County Board of Supervisors, County Audit Committee, 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,

CHAD RINDE
DIRECTOR OF FINANCE

For

By: Hong Lun (Andy) Yu, CPA
Chief of Audits

ATT 1 – *Schedule of FNS-209 Reporting Differences*
ATT 2 – *Current Finding and Recommendation*
ATT 3 – *Current Status of Prior Recommendation*

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
FNS-209, Status of Claims Against Households
Schedule of FNS-209 Reporting Differences
For the Quarter Ended June 30, 2024

	Type of Claims			
	Intentional Program Violation (IPV)	**Inadvertent Household Error (IHE)**	**State Agency Administrative Error (AE)**	**Total**
Number of Claims reported as Ending Balances (Line 13)				
System-generated Case Level Reports	2,147	28,793	24,827	55,767
FNS-209	2,136	29,022	25,477	56,635
Differences	11	(229)	(650)	(868)
Amount of Claims reported as Ending Balances (Line 13)				
System-generated Case Level Reports	$ 5,584,219	26,659,954	7,661,972	39,906,145
FNS-209	5,457,565	26,876,607	8,440,130	40,774,302
Differences[1]	$ 126,654	(216,653)	(778,158)	(868,157)

[1] See detail of the differences at ATT 2 - *Current Finding and Recommendation* .

County of Sacramento
Department of Human Assistance
Review of Form FNS-209, Status of Claims Against Households
Current Finding and Recommendation
For the Quarter Ended June 30, 2024

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

Condition
During our review of FNS-209 Report, Status of Claims Against Households (FNS-209) for the quarter ended June 30, 2024, we noted differences for amounts of claims reported as ending balance (Line 13) between the FNS-209 and system-generated case level reports. The net total difference of 868 claims equals $868,157. See detail of the differences at ATT 1 - *Schedule of FNS-209 Reporting Differences*.

The net total difference of $868,157 represents non-reconciled items that were carried over from the prior year review and from the current year conversion from the California Welfare Information Network (CAL WIN) system to the California Statewide Automated Welfare System (CAL SAWS). Department of Human Assistance (DHA) indicated that DHA has attempted to resolve these differences but could not complete this task due to the cumulative effect of closing balances of the claims against households in its system not matching with opening balances and case level data for California Department of Social Services' Treasury Offset Program (TOP).

Criteria
The beginning/ending balances on the FNS-209 report should be supported and reconciled by system-generated case level reports and other records such as individual cases.

Effect
DHA is not in compliance with California Department of Social Services (CDSS) FNS-209 reporting requirement. As a result, there is a net difference of $868,157 for claim reported as ending balance (Line 13) between the FNS-209 and system-generated case level reports.

Recommendation
We recommend DHA continue to research the cumulative differences between closing and opening balances of the claims against households in its system and make proper adjustments to the next FNS-209 for the quarter ended September 30, 2024.

DHA's Management Response
The total difference of 868 claims equaling $868,157 on the FNS-209 report Ending Balances (line 13) are attributed to the following:

- On October 27, 2023, DHA migrated to the California Statewide Automated Welfare System (CalSAWS) from the CALWIN system. Post migration, it was observed that the FNS 209 ending balances from the CALWIN did not match the beginning balances

County of Sacramento
Department of Human Assistance
Review of Form FNS-209, Status of Claims Against Households
Current Finding and Recommendation
For the Quarter Ended June 30, 2024

in the CalSAWS system generated data at conversion. DHA has been aware of the variance as part of the conversion and will continue to work with CalSAWS project to identify reasons for the differences in the converted balances to make the necessary adjustments in the upcoming FNS 209 reports.

- Additionally, the reported ending balances by error type will not match the system generated balances because of the 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 of the timing difference between when the payments have been received and when the state issues the TOP cycles reports that are entered in the CALWIN/CalSAWS system, the case level data will consequently not match the report. This is expected to be an ongoing timing difference due to the department's process where the actual payment will not be accounted for until it is received by the County, which is creating the ongoing variance in the report.

DHA will continue to address issues identified on the FNS 209 report with CALSAWS project and adjust as necessary.

County of Sacramento
Department of Human Assistance
Review of Form FNS-209, Status of Claims Against Households
Current Status of Prior Recommendation
For the Quarter Ended June 30, 2024

Reported on September 27, 2023 for the Quarter Ended June 30, 2023

1. **<u>Accountability Test 2 - Differences between System-Generated Case Level Reports</u>**

   <u>Prior Recommendation</u>
   We recommended DHA research the cumulative differences between closing and opening balances of the claims against households in its system and make proper adjustments to the next FNS-209 for the quarter ended September 30, 2023. In addition, DHA should develop procedures to prevent any future differences to ensure accurate reporting of FNS-209.

   <u>Current Status</u>
   Our prior recommendation was partially implemented. DHA has researched the cumulative difference between closing and opening balances of claims against household in its system and made adjustments to FNS-209 for the quarter ended September 30, 2023. However, Ending Balances of DHA's FNS-209 for the quarter ended June 30, 2024 continue to be different from DHA's system-generated case level report. See ATT 2 - *Current Finding and Recommendation.*