

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
February 6, 2018  
“*Communications Received and Filed*” Item

To: Board of Supervisors

From: Department of Finance

Subject: DHHS Volunteers Of America Fiscal Monitoring For The Period Of July 1, 2014  
To June 30, 2016

Supervisory  
District(s): All

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

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**DISCUSSION**

The United States Office of Management and Budget mandates that the County of Sacramento (County) perform fiscal monitoring of its sub-recipients of Federal funds. Accordingly, the Department of Health and Human Services requested the Department of Finance to perform an agreed-upon procedures (AUP) fiscal monitoring for Volunteers of America, a sub-recipient of the County’s Federal funds.

The procedures and results are documented in the attached AUP report.

Respectively submitted,

**Ben Lamera**  
Director of Finance

Attachment

ATT 1 - DHHS Volunteers of America Fiscal Monitoring for the Period of July 1, 2014 to  
June 30, 2016.



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**County of Sacramento**

December 13, 2017

Sherri Z. Heller, Ed. D., Director  
Department of Health and Human Services  
7001-A East Parkway, Suite 1100  
Sacramento, CA 95823

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

Dear Dr. Heller:

We have performed the procedures enumerated below, which were requested and were agreed to by you to evaluate Volunteers of America's (VOA) fiscal compliance as outlined in the contractual agreements (Agreements) listed below:

- Temporary Shelter for Adult Protective Services Clients (Senior Safe House):
  - Memorandum of Understanding (MOU) numbers 7203200-11/15-012M A1, and A2 for the period July 1, 2014 to June 30, 2015
  - Cost Reimbursement Agreement number 7203000-16-139 for the period July 1, 2015 to June 30, 2016
  
- Alcohol and Drug Services (ADS):
  - Negotiated Rate Agreement numbers 7206000-15-038, A1, and A2 for the period from July 1, 2014 to June 30, 2015
  - Negotiated Rate Agreement number 7206000-16-038 for the period from July 1, 2015 to June 30, 2016

The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services (DHHS). Consequently, we make no representation regarding the sufficiency of the procedures described on pages 2 and 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 above and is not intended to pertain to any other agreements of DHHS or VOA.

This agreed-upon procedures engagement was conducted to assist DHHS to assess VOA'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*.

DHHS's management is responsible for monitoring VOA's fiscal compliance of the Agreements in accordance with 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].....*"

The procedures we performed for the Agreements and our findings were as follows:

- 1) Financial Statements – We inspected VOA's audit reports for the fiscal years ended June 30, 2014, 2015, and 2016, to identify any concerns or issues that require your attention.

Finding: We noted a repeat finding and recommendation that has not been implemented by VOA. See Attachment I, *Findings and Recommendations*.

- 2) Internal Control – We inspected VOA's internal control policies and procedures including purchasing, vendor payments, payroll, claim submission, cost allocation, general ledger, and financial report preparation. We also inspected VOA's written procedures for clients' admission and release, program eligibility verification, and services provided for its programs listed in the Agreements.

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

- 3) Claim Submission – We obtained and inspected VOA's monthly invoice claims for October 2014, March 2015, October 2015, and March 2016.

- Senior Safe House: We selected and tested a total of 60 transactions from the monthly invoice claims above.
- ADS: We selected and tested a total of 60 transactions from the monthly invoice claims above.

Finding: We noted several exceptions that required attention as a result of our procedures. See Attachment I, *Findings and Recommendations*, Schedule I, *Schedule of Questioned and Disallowed Costs – Summary of All Programs*, Schedule II, *Schedule of Questioned and Disallowed Costs – Senior Safe House*, and Schedule III, *Schedule of Questioned and Disallowed Costs – Alcohol and Drug Services*.

- 4) General Ledger – We traced VOA's monthly invoice claims for October 2014, March 2015, October 2015, and March 2016 to its general ledger.

Finding: We noted an exception regarding untimely reconciliations. See Attachment I, *Findings and Recommendations*.



- 5) Cost Allocations – We inspected VOA’s cost allocation policies and procedures to identify any concerns or issues that required your attention. We tested the transactions listed at procedure number 3 on page 2 to identify any issues related to cost allocations.

Finding: We noted an exception regarding the consistency of VOA’s cost allocation methodology being practiced. See Attachment I, *Findings and Recommendations*.

- 6) Funding Sources – We made inquiries to VOA’s management to identify any funding sources other than DHHS. We inspected VOA’s general ledger and invoice claims for October 2014, March 2015, October 2015, and March 2016 to identify any inappropriate or duplicated charges.

Finding: We did not note any exceptions related to funding sources other than DHHS that required attention as a result of our procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit, examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on VOA’s financial statements or schedules, internal control, compliance with the Agreements, or results of our agreed-upon procedures. 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.

The projected questioned and disallowed costs presented in Attachment I, *Findings and Recommendations*, Schedule I, *Schedule of Questioned and Disallowed Costs – Summary of All Programs*, Schedule II, *Schedule of Questioned and Disallowed Costs – Senior Safe House*, and Schedule III, *Schedule of Questioned and Disallowed Costs – Alcohol and Drug Services* 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 agreed-upon procedures. Had we tested additional invoices, the projected questioned and disallowed costs would likely be changed.

DHHS’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 DHHS’s management responses to the findings and, accordingly, we do not express an opinion on the responses to the findings.

Sherri Z. Heller, Ed. D., Director

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This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Executive, DHHS' 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 – Summary of All Programs*

Schedule II: *Schedule of Questioned and Disallowed Costs – Senior Safe House*

Schedule III: *Schedule of Questioned and Disallowed Costs – Alcohol and Drug Services*

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**1. Financial Statements Finding**

During our inspection of Volunteers of America's (VOA) audit reports for the fiscal years ended June 30, 2014, 2015, and 2016, we noted a finding and recommendation regarding the financial closing process repeatedly reported in all 3 year's audit reports.

Per the 2016 audit report:

*"Reconciliations and account analysis should be performed and reviewed on a regular basis to ensure accurate and timely financial reporting. We recommend [VOA] review its existing policies for the annual and monthly closing process and add procedures where necessary."*

This recommendation was made in the 2014, 2015 and 2016 audit reports. As of June 30, 2016, we noted this recommendation has not been implemented by VOA. We also noted a similar concern during our agreed-upon procedures. See Finding Number 4.

We also noted that the finding above is a repeat finding from the 2013 audit report and has been repeated and not corrected in the 2014, 2015, and 2016 audit reports. Proper internal controls indicate that these findings be resolved in a timely manner.

We further noted that there were two federal findings in the 2015 Single Audit report and one federal finding in the 2014 Single Audit report. However, per the 2016 Single Audit report, VOA had taken actions to remedy these findings.

Proper internal controls indicate VOA should implement the financial statement recommendation and ensure its reconciliations and account analyses are performed in a timely manner. Untimely reconciliations and account analyses could lead to inaccurate financial reporting and invoice claim errors and omissions.

Recommendation

We recommend VOA implement the recommendation noted in its audited financial statements in a timely manner. We further recommend VOA implement proper procedures to correct the issue that has been repeated as a finding since the 2013 audit report within six months.

Department of Health and Human Services' (DHHS) Management Response

DHHS agrees with the finding. Corrective actions in response to the prior year audited financial statement findings have been implemented in the current year. It is VOA's practice to meet Generally Accepted Accounting Principle standards to ensure contract compliance.

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**2. Internal Control Finding**

**a. Policies and Procedures**

During our inspection of VOA's policies and procedures, we noted the following concerns:

- I. There were no written policies or procedures regarding VOA's processes for submitting invoice claims to County of Sacramento (County) or any other funding agencies.
- II. There were no written policies or procedures regarding VOA's payroll processes.

Proper internal controls indicate VOA should have written policies and procedures for all of its operating and program activities. Adequate written policies and procedures will assist VOA in ensuring its programs are operated efficiently and in compliance with the contractual agreements (Agreements) for the Temporary Shelter for Adult Protective Services (Senior Safe House) and Alcohol and Drug Services (ADS) programs. Lack of policies and procedures can weaken VOA's internal controls by creating confusion and inconsistency among staff, cause VOA to make invoice claim errors and omissions, and/or not be in compliance with the Agreements.

Recommendation

We recommend VOA establish and implement written procedures for its invoice claim and payroll processes.

DHHS's Management Response

DHHS agrees with the finding. VOA has created written policies and procedures for the monthly invoicing process and for the payroll process. These have been implemented since the County Department of Finance review.

**b. Supporting Documentation**

VOA operates several different programs under two agreements with DHHS to provide transitional housing and rehabilitation supportive services to residents of the County. Under the Agreements, VOA operates a Senior Safe House (SSH) that provides emergency shelter services to County elderly residents who are experiencing abuse or neglect. VOA also operates a rehabilitation and transitional program.

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During our testing, we noted the following concerns regarding supporting documentation:

I. Senior Safe House (SSH)

- Mileage claims submitted by VOA employees did not have the complete origin and destination address, but had the origin and destination's city/SSH. However, the mileage claims tested appeared to be reasonable based on the city and SSH noted as the origin and destination or vice versa. As such, we did not consider these mileage claims as questioned costs.
- We selected 17 employee reimbursement transactions for testing and VOA could not locate the supporting documentation for four employee reimbursement transactions. See Finding Number 3a for the total amount and questioned costs.

II. Alcohol and Drug Services (ADS)

Options for Recovery (OFR) Residential and Sober Living Environment (SLE):

A total of 31 files were selected for testing for OFR Residential and SLE.

A total of 9 transactions were selected for testing that were not OFR residential and SLE.

- 15 out of 31 client files were either missing one or more: signatures and initials, California Outcome Measurement System (CalOMS) forms, progress/group notes, Transitional Living Program for Families Schedule forms, Options Transitional Living Program forms, Alcohol and Other Drug (AOD) Preliminary Assessment forms, AOD Treatment Placement and Authorization forms, Admission Agreement, CalWORKs eligibility verifications, and parenting verifications. Based on other items tested, we did not consider these as questioned or disallowed costs.
- Two out of 31 client files' Admission dates in CalOMS did not agree to the admission dates noted on the client reports. Based on other items tested, we did not consider these as questioned or disallowed costs.
- Three out of 31 client files were missing. See Finding Number 3b. i) for the total amount and questioned costs.



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- VOA did not retain any supporting documentation for Aftercare Services and Interim Services, such as group sessions notes, one on one progress notes, client eligibility, facilitation documentation, etc. See Finding Number 3b. ii) for the total amount and questioned costs.

CalWORKs Sober Living Environment Family:

A total of 20 files were selected for testing for the CalWORKS sober living environment family.

- Six out of 20 client files did not have CalWORKs verification in their files. Based on other items tested, we did not consider these as questioned or disallowed costs.
- Two out of 20 client files were missing. See Finding Number 3b. iii) for the total amount and questioned costs.
- One out of 20 clients claimed was not CalWORKs eligible and no verification of Sacramento County residency was maintained in this client's file. See Finding Number 3b. iii) for the total amount and disallowed costs.
- 11 families out of 20 client files were claimed twice. See Finding Number 3b. iii) for the total amount and disallowed costs.

Proper internal controls indicate that adequate supporting documentation should be maintained by VOA for all of its programs. Proper retention of supporting documentation will assist VOA preparing its invoice claims and remaining compliant with the Agreements. VOA should ensure that signatures and initials are acquired from appropriate individuals as per VOA's OFR policy and procedures. By not having the same admission dates on forms maintained and in CalOMS, admission dates reported to CalOMS or DHHS are inaccurate. Lacking adequate supportive documentation could cause VOA to make errors or omissions in submitting its claims, and not be in compliance with the Agreements.

Recommendation

We recommend VOA ensure it maintains adequate supporting documentation for all aspects of its programs. We further recommend VOA ensure that supporting documentation is maintained for each client file by reviewing client files during the exit/review process. In addition, we recommend mileage reimbursement claims by employees accurately reflect addresses of locations traveled to and from.

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DHHS's Management Response

DHHS agrees with this finding. VOA has updated the mileage reimbursement forms during the County Department of Finance review to include and accurately reflect addresses of locations traveled to and from to ensure compliance with all agreements. VOA has a record and document retention policy to maintain contract compliance. In addition, VOA has implemented a two step process in which the Options for Recovery, Sober Living Environment and CalWorks Sober Living Environment Family client files are reviewed by a Supervisor. VOA's Quality Assurance Director also reviews the client files to ensure accuracy and timely response to any discrepancies.

**3. Claim Submission Finding**

**a. Senior Safe House**

As described in Finding Number 2b, DHHS provides funding to VOA to operate its SSH for abused and neglected elderly residents of the County. For the fiscal years 2014-15 and 2015-16, we tested a total of 60 transactions and participant reports for the months of October 2014, March 2015, October 2015, and March 2016.

Fiscal year 2014-15 funding was provided to VOA on a fixed quarterly basis amount as long as VOA accepted and provided services to DHHS' Adult Protective Services clients. Based on our testing, we did not note any exceptions for the fiscal year 2014-15 invoice claims.

Fiscal year 2015-16 funding was provided to VOA on a monthly cost reimbursement basis. However, there were no restrictive budget categories noted in the Agreement. Therefore, VOA's claim did not have a breakdown of line item expenses nor did VOA have supporting documentation listing transactions that make up the claim amount. However, VOA's general ledger for SSH had detailed transactions with total amounts for October 2015 and March 2016. Therefore, we selected transactions from VOA's general ledger for testing. In addition, we compared VOA's general ledger for October 2015 and March 2016 in the amounts of \$22,023 and \$21,532 (\$43,555 total), respectively, to the total amounts claimed for the months of October 2015 and March 2016 in the amounts of \$20,833 and \$20,833 (\$41,666 total), respectively. We noted VOA's general ledger amounts exceeded the amounts claimed and DHHS paid.

During our testing from VOA's general ledger, we noted for March 2016, four out of 17 employee reimbursements totaling \$329 had no supporting documentation (see Finding Number 2b) maintained by VOA. By not maintaining supporting documentation for its

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employee reimbursements, VOA cannot determine whether or not the reimbursements are appropriate.

We further noted VOA’s benefit allocations were inconsistent with VOA’s cost allocation methodology (see Finding Number 5). By not practicing its cost allocation method in a consistent manner, VOA cannot properly determine the proper amounts to allocate for its costs that benefit more than one program. Therefore, we could not determine if benefit allocations were reasonable and accurate. In addition, as described at Finding Number 5, differences were noted between VOA’s general ledger and benefit payments. Per VOA’s general ledger, the benefit allocations were \$3,702 and \$3,598 for October 2015 and March 2016, respectively.

Since VOA did not have supporting documentation listing transactions that make up the claim amount and SSH’s general ledger exceeded the total amounts claimed, we were unable to determine whether \$329 of missing supporting documentation for its employee reimbursement was included in the claim. Therefore, we considered this amount as questioned costs. In addition, we were unable to determine whether VOA’s general ledger benefit allocations of \$3,702, and \$3,598 for October 2015 and March 2016, respectively, were included in the claim. Therefore, we considered these amounts as questioned costs.

The results of our testing are summarized below:

Claim Month	Claim Amount	Questioned Costs		
		Employee Reimbursement	Benefit Allocation	Total
October 2015	\$ 20,833		3,702	3,702
March 2016	20,833	329	3,598	3,927
<b>Total</b>	<b>\$ 41,666</b>	<b>329</b>	<b>7,300</b>	<b>7,629</b>

For the fiscal year 2015-16, we noted \$7,629, 17.52% (\$7,629 / \$43,555) of the sample, were questioned costs. A total of \$250,000 was claimed and DHHS paid. Accordingly, we project \$36,500, 17.52% of the remaining claims not in our sample in the amount of \$208,334 (\$250,000 - \$41,666), to be questioned costs. See Schedule II, *Senior Safe House - Schedule of Questioned and Disallowed Costs*.

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<u>Fiscal Year</u>	<u>Total Amount Not Reviewed</u>	<u>Projected Questioned Costs</u>
2015-16	\$ 208,334	36,500

The projected questioned 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 period of July 1, 2015 to June 30, 2016.

Recommendation

We reiterate our recommendations noted in Finding Numbers 2b and 5. We recommend DHHS to contact VOA to develop a resolution to resolve the questioned and projected questioned costs in the amounts of \$7,629 and \$36,500, respectively.

DHHS's Management Response

DHHS will work with VOA to resolve the questioned and projected questioned costs. VOA will continue to allocate benefit costs on a percentage basis, as VOA feels this is not only in the best interests of VOA but in the best interests of the County. The change VOA proposes is to their policy (this is already in practice) to reconcile the underage of overage from year to year with VOA's external auditors to make sure they have a reasonable plan each year for carrying forward amounts under projections and reduce amounts charged in future contracts by any overages.

**b. Alcohol and Drug Services (ADS)**

i) Options for Recovery (OFR) Residential and Sober Living Environment (SLE)

As described in Finding Number 2b, missing client files were noted. As such, VOA did not have sufficient supporting documentation to support its claims to DHHS. By not obtaining and maintaining proper documentation and missing client files, VOA was not in compliance with the Agreements and we consider the respective amounts claimed for these clients totaling \$3,984 (\$2,620+\$1,364) and \$1,364, for fiscal years 2014-15 and 2015-16, respectively, to be questioned costs. The results of our testing are summarized at iv) of this finding.

We further noted one client was not a County resident. As such, we consider the amount claimed of \$786 for this ineligible client in March 2015 as a disallowed cost. In addition, we noted a different client had a total of 38 days claimed for both OFR Residential and SLE in October 2015. As such, we consider seven days in the amount of \$308 and 12 days in the

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amount of \$528 for October 2015 as disallowed and questioned costs, respectively, for SLE. We considered \$308 and \$528 as disallowed and questioned costs, respectively, because VOA over claimed seven days (38 days claimed – 31 days in October), and no supporting documentation was maintained for \$528 that was claimed. The results of our testing are summarized at iv) of this finding.

Recommendation

We recommend DHHS to contact VOA to develop a resolution to resolve the questioned and disallowed costs of \$5,876 (\$3,984 + \$1,364 + \$528) and \$1,094 (\$786 + \$308), respectively. We reiterate our recommendations noted in Finding Number 2b. We further recommend VOA only claim services provided to County residents and do not claim more than the number of days in a month.

DHHS's Management Response

DHHS will work with VOA to resolve the questioned and projected questioned costs. VOA has a record and document retention policy to maintain contract compliance. A secondary level of review by its management has been implemented to ensure client files are properly documented and retained. DHHS will work with VOA in regards to accuracy of referrals. VOA agrees that 19 days were overclaimed.

ii) Aftercare Services and Interim Services (Beginner's Group Services)

As described in Finding 2b, we noted that all aftercare services claimed in October 2014 did not have supporting documentation. We further noted that two beginner's group services claimed in October 2015 and seven beginner's group services claimed in March 2016 did not have supporting documentation. By not maintaining supporting documentation for its aftercare and beginner's group services, VOA cannot determine if \$1,872 of services should be claimed. As such, we consider the services claimed for reimbursement that were missing supporting documentation in the amount of \$1,521 (39 units x \$39) and \$351 (9 units x \$39) for fiscal years 2014-15 and 2015-16, respectively, to be questioned costs. The results of our testing are summarized at iv) of this finding.

Recommendation

We reiterate our recommendations noted in Finding Number 2b. We recommend DHHS to contact VOA to develop a resolution to resolve the questioned costs in the amount of \$1,872.

DHHS's Management Response

DHHS agrees with finding 2b, and will work with VOA to resolve the questioned costs.



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iii) CalWORKs Sober Living Environment Family

As described in Finding 2b, two client files were missing, one client was not CalWORKs eligible, and 11 families were claimed twice. As such, we consider \$1,969 (23 days x \$85.63 per day) and \$9,334 (109 days x \$85.63 per day) to be questioned and disallowed costs, respectively, for fiscal year 2014-15, and \$17,383 (203 days x \$85.63 per day) to be disallowed costs for fiscal year 2015-16. The results of our testing are summarized at section iv) below.

Recommendation

We reiterate our recommendations noted in Finding Number 2b. We recommend DHHS to contact VOA to develop a resolution to resolve the questioned and disallowed costs in the amount of \$1,969 and \$26,717 (\$9,334+\$17,383).

DHHS's Management Response

DHHS agrees with finding 2b, and will work with VOA to resolve the questioned and disallowed costs.

iv) ADS's Questioned and Disallowed Costs Summary.

The questioned and disallowed costs are summarized below and at Schedule III, *Alcohol and Drug Services - Schedule of Questioned Costs and Disallowed Costs* for fiscal years 2014-15 and 2015-16.

<b>Fiscal Year</b>	<b>Total Amount Tested</b>	<b>Questioned Costs</b>	<b>Disallowed Costs</b>
2014-15	\$ 58,071	7,474 <sup>(i)</sup>	10,120 <sup>(ii)</sup>
2015-16	75,676	2,243 <sup>(iii)</sup>	17,691 <sup>(iv)</sup>
Total	<u>\$ 133,747</u>	<u>9,717</u>	<u>27,811</u>

<sup>(i)</sup> Consists of \$3,984 + \$1,521 + \$1,969.

<sup>(ii)</sup> Consists of \$786 + \$9,334.

<sup>(iii)</sup> Consists of \$1,364 + \$528 + \$351.

<sup>(iv)</sup> Consists of \$308 + \$17,383.

Based on the result of our testing, \$7,474 or 12.87% (\$7,474/\$58,071) were questioned costs, and \$10,120 or 17.43% (\$10,120/\$58,071) were disallowed costs for ADS's fiscal year 2014-15 monthly invoice claims tested. Also, \$2,243 or 2.96% (\$2,243/\$75,676) were questioned costs, and \$17,691 or 23.38% (\$17,691/\$75,676) were disallowed costs for ADS's fiscal year 2015-16 monthly invoice claims tested.

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The projected questioned and disallowed costs are summarized below and at Schedule I, *Schedule of Questioned and Disallowed Costs – Summary of All Programs* and Schedule III, *Schedule of Questioned Costs and Disallowed Costs – Alcohol and Drug Services*.

<b>Fiscal Year</b>	<b>Total Amount Not Tested</b>	<b>Projected Questioned Costs</b>	<b>Projected Disallowed Costs</b>
2014-15	\$ 1,307,960	168,334	227,977
2015-16	1,219,071	36,085	285,019
Total	<u>\$ 2,527,031</u>	<u>204,419</u>	<u>512,996</u>

We confirmed the total invoice claimed by VOA and paid by DHHS in the amount of \$1,366,031 and \$1,294,747 for fiscal years 2014-15 and 2015-16, respectively. Accordingly, we projected \$168,334, 12.87% and \$227,977, 17.43% of remaining invoices claimed not in our sample in the amount of \$1,307,960 (\$1,366,031 - \$58,071), as projected questioned and disallowed costs, respectively, for fiscal year 2014-15. We also projected \$36,085, 2.96% and \$285,019, 23.38% of remaining invoices claimed not in our sample in the amount of \$1,219,071 (\$1,294,747 - \$75,676), as projected questioned and disallowed costs, respectively, for fiscal year 2015-16.

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 the fiscal years 2014-15 and 2015-16.

Recommendation

We reiterate our recommendations noted in Finding Number 2b. We recommend DHHS to contact VOA to develop a resolution to resolve the total questioned and disallowed costs in the amounts of \$7,474 and \$10,120, respectively for fiscal year 2014-15, and \$2,243 and \$17,691, respectively, for fiscal year 2015-16. We further recommend DHHS to contact VOA to develop a resolution to resolve the projected questioned and disallowed costs in the amounts of \$168,334 and \$227,977, respectively, for fiscal year 2014-15; and \$36,085 and \$285,019, respectively, for fiscal year 2015-16.

DHHS's Management Response

DHHS agrees with this recommendation. However, VOA challenges the methodology used to calculate the projected questioned and disallowed costs. DHHS will work with VOA to resolve this issue of questioned and disallowed costs.

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**4. General Ledger Finding**

During our comparison of VOA's general ledgers, we noted VOA does not reconcile its general ledgers to its invoice claims in a timely manner. Per inquiry with VOA staff, reconciliation is performed during the end of the fiscal year, typically in June.

Proper internal controls indicate VOA's general ledger should be reconciled to the invoice claims on a monthly basis. Any differences should be researched and resolved in a timely manner, and any general ledger prior adjustments should be reflected in the following month's invoice claim. By not reconciling the general ledger to the invoice claims, VOA could make invoice claim errors and omissions, and not be in compliance with the Agreements.

Recommendation

We recommend VOA reconcile its general ledger to the invoice claims submitted to the County after the contract budgets have been approved. The amounts claimed should agree to VOA's general ledger, and any differences should be researched and resolved in a timely manner. We reiterate our recommendation noted in Finding Number 1.

DHHS's Management Response

DHHS agrees with the recommendation. VOA has implemented policies and procedures for reconciling its general ledger to the invoice claims submitted on a monthly basis.

**5. Cost Allocation Finding**

According to VOA's written internal cost allocation methodology, "*Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries... Benefits will be allocated in the same manner.*"

During our inspection of VOA's cost allocation methodology for SSH, we noted the benefits allocation in VOA's general ledger for the months of October 2014, March 2015, October 2015, and March 2016 could not be agreed to VOA's benefit payments. We also noted VOA's cost allocation methodology support indicated that VOA's cost allocation methodology policy was not followed for its benefit cost allocation rates. Therefore, VOA was not in compliance with their cost allocation methodology. In addition, we could not determine how to apply the differences noted between VOA's general ledger and the benefit payments. As such, we could not determine whether the allocations were reasonable and accurate for SSH.

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Volunteers of America  
Fiscal Monitoring  
Findings and Recommendations  
For the Periods from July 1, 2014 to June 30, 2015  
and July 1, 2015 to June 30, 2016

VOA should agree their payment portion noted on the invoices to their general ledger. Any differences should be researched and resolved in a timely manner. VOA should also consistently practice their cost allocation methodology when allocating their benefits. By not practicing their cost allocation method and by not agreeing the general ledger allocation to the benefit invoices, VOA has made invoice claim errors and was not in compliance with the Agreements. See Finding Number 3a.

Recommendation

We recommend VOA ensure that the benefits allocations noted in its general ledger agree to the benefit invoices. Any differences should be researched and resolved in a timely manner. We also recommend VOA ensure it consistently practices its written cost allocation methodology in all of its applicable fiscal operations.

DHHS's Management Response

DHHS agrees with this finding. VOA will continue to allocate benefit costs on a percentage basis, as VOA feels this is not only in the best interests of VOA but in the best interests of the County. The change VOA proposes is to their policy (this is already in practice) to reconcile the underage of overage from year to year with VOA's external auditors to make sure they have a reasonable plan each year for carrying forward amounts under projections and reduce amounts charged in future contracts by any overages.

**6. Funding Sources Finding**

We did not note any exceptions related to funding sources other than DHHS that required attention as a result of our procedures.

County of Sacramento  
 Department of Health and Human Services  
 Volunteers of America  
 Fiscal Monitoring  
 Summary of All Programs  
 Schedule of Questioned and Disallowed Costs  
 For the Period from July 1, 2014 to June 30, 2015

<b>FY 2014-15 Programs Reviewed</b>	<b>Questioned Costs</b>			<b>Disallowed Costs</b>		
	A <u>Amount</u> <sup>(i)</sup>	B <u>Projection</u> <sup>(ii)</sup>	A + B <u>Total</u> <sup>(iii)</sup>	C <u>Amount</u> <sup>(iv)</sup>	D <u>Projection</u> <sup>(v)</sup>	C + D <u>Total</u> <sup>(vi)</sup>
Senior Safe House <sup>(vii)</sup>	\$					
Alcohol and Drug Services	7,474	168,334	175,808	10,120	227,977	238,097
<b>Total FY 2014-15</b>	<b>\$ 7,474</b>	<b>168,334</b>	<b>175,808</b>	<b>10,120</b>	<b>227,977</b>	<b>238,097</b>

<sup>(i)</sup> Amounts represent questioned costs noted for the entire fiscal year 2014-15 for each respective program noted from our inspection of claims and test of transactions. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*. For details of questioned costs, see Schedule II, *Senior Safe House – Schedule of Questioned and Disallowed Costs* and Schedule III, *Alcohol and Drug Services – Schedule of Questioned and Disallowed Costs*.

<sup>(ii)</sup> Amounts represent projected questioned costs for the fiscal year 2014-15. For consideration of projected questioned costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(iii)</sup> Amounts represent the sum of the questioned costs noted from our inspection of claims and test of transactions, and the projected questioned costs. See Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(iv)</sup> Amounts represent disallowed costs noted for the entire fiscal year 2014-15 for each respective program noted from our inspection of claims and test of transactions. For consideration of disallowed costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*. For details of disallowed costs, see Schedule II, *Senior Safe House – Schedule of Questioned and Disallowed Costs* and Schedule III, *Alcohol and Drug Services – Schedule of Questioned and Disallowed Costs*.

<sup>(v)</sup> Amounts represent projected disallowed costs for the fiscal year 2014-15. For consideration of projected disallowed costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(vi)</sup> Amounts represent the sum of the disallowed costs noted from our inspection of claims and test of transactions, and the projected disallowed costs. See Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(vii)</sup> We did not note any questioned or disallowed costs during our inspection of Senior Safe House for fiscal year 2014-15.



County of Sacramento  
 Department of Health and Human Services  
 Volunteers of America  
 Fiscal Monitoring  
 Summary of All Programs  
 Schedule of Questioned and Disallowed Costs  
 For the Period from July 1, 2015 to June 30, 2016

FY 2015-16 Programs Reviewed	Questioned Costs			Disallowed Costs		
	A Amount <sup>(i)</sup>	B Projection <sup>(ii)</sup>	A + B Total <sup>(iii)</sup>	C Amount <sup>(iv)</sup>	D Projection <sup>(v)</sup>	C + D Total <sup>(vi)</sup>
Senior Safe House <sup>(vii)</sup>	7,629	36,500	44,129			
Alcohol and Drug Services	2,243	36,085	38,328	17,691	285,019	302,710
<b>Total FY 2014-15</b>	<b>\$ 9,872</b>	<b>72,585</b>	<b>82,457</b>	<b>17,691</b>	<b>285,019</b>	<b>302,710</b>

<sup>(i)</sup> Amounts represent questioned costs noted for the entire fiscal year 2015-16 for each respective program noted from our inspection of claims and test of transactions. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*. For details of questioned costs, see Schedule II, *Senior Safe House – Schedule of Questioned and Disallowed Costs* and Schedule III, *Alcohol and Drug Services – Schedule of Questioned and Disallowed Costs*.

<sup>(ii)</sup> Amounts represent projected questioned costs for the fiscal year 2015-16. For consideration of projected questioned costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(iii)</sup> Amounts represent the sum of the questioned costs noted from our inspection of claims and test of transactions, and the projected questioned costs. See Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(iv)</sup> Amounts represent disallowed costs noted for the entire fiscal year 2015-16 for each respective program noted from our inspection of claims and test of transactions. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*. For details of disallowed costs, see Schedule II, *Senior Safe House – Schedule of Questioned and Disallowed Costs* and Schedule III, *Alcohol and Drug Services – Schedule of Questioned and Disallowed Costs*.

<sup>(v)</sup> Amounts represent projected disallowed costs for the fiscal year 2015-16. For consideration of projected disallowed costs, see Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(vi)</sup> Amounts represent the sum of the disallowed costs noted from our inspection of claims and test of transactions, and the projected disallowed costs. See Finding Number 3 in Attachment I, *Findings and Recommendations*.

<sup>(vii)</sup> We did not note any disallowed costs during our inspection of Senior Safe House for fiscal year 2015-16.

County of Sacramento  
 Department of Health and Human Services  
 Volunteers of America  
 Fiscal Monitoring  
 Senior Safe House  
 Schedule of Questioned and Disallowed Costs  
 For the Period from July 1, 2014 to June 30, 2015

Budget Items	Budgeted Amount <sup>(i)</sup>	Actual Claim Amount <sup>(ii)</sup>	Questioned Costs <sup>(iii)</sup>	Disallowed Costs <sup>(iii)</sup>
<b>Shelter Services</b>	\$ 135,000	135,000		
<b>Total</b>	<b>\$ 135,000</b>	<b>135,000</b>		
<b>Projection</b>				
<b>Total</b>				

- <sup>(i)</sup> Budgeted Amount column represents the Volunteers of America’s (VOA) total budget set by the contractual agreements for its Senior Safe House (SSH) program.
- <sup>(ii)</sup> Actual Claim Amount column represents the entire amount claimed by VOA.
- <sup>(iii)</sup> We did not note any questioned or disallowed costs during our inspection of SSH for fiscal year 2014-15.

County of Sacramento  
 Department of Health and Human Services  
 Volunteers of America  
 Fiscal Monitoring  
 Senior Safe House  
 Schedule of Questioned and Disallowed Costs  
 For the Period from July 1, 2015 to June 30, 2016

Budget Items	<u>Budgeted Amount</u> <sup>(i)</sup>	<u>Actual Claim Amount</u> <sup>(ii)</sup>	<u>Questioned Costs</u> <sup>(iii)</sup>	<u>Disallowed Costs</u> <sup>(iv)</sup>
<b>Shelter Services</b>	\$ 250,000	250,000	7,629	
<b>Total</b>	<u>\$ 250,000</u>	<u>250,000</u>	<u>7,629</u>	
<b>Projection</b>			<u>36,500</u> <sup>(v)</sup>	
<b>Total</b>			<u>44,129</u>	

<sup>(i)</sup> Budgeted Amount column represents the Volunteers of America's (VOA) total budget set by the contractual agreements for its Senior Safe House (SSH) program.

<sup>(ii)</sup> Actual Claim Amount column represents the entire amount claimed by VOA.

<sup>(iii)</sup> Questioned Costs column represents the amount questioned during our inspection of the monthly invoice claims selected for testing. See Finding Number 3a in Attachment I, *Findings and Recommendations*.

<sup>(iv)</sup> We did not note any disallowed costs during our inspection of SSH for fiscal year 2015-16.

<sup>(v)</sup> Projected Questioned Costs 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 3a in Attachment I, *Findings and Recommendations*.

County of Sacramento  
 Department of Health and Human Services  
 Volunteers of America  
 Fiscal Monitoring  
 Alcohol and Drug Services  
 Schedule of Questioned and Disallowed Costs  
 For the Period from July 1, 2014 to June 30, 2015

Budget Items	Budget <sup>(i)</sup>	Actual Claim Amount <sup>(ii)</sup>	Questioned Costs <sup>(iii)</sup>	Disallowed Costs <sup>(iv)</sup>
<b><u>Alcohol and Drug Services (ADS)</u></b>				
<b>A. CalWORKs (A60150)</b>				
Aftercare	\$ 36,855	23,127	1,521	
Detox/Residential	122,000	121,961		
SLE Family	500,052	500,052	1,969	9,334
<b>B. SAPT Perinatal Trans (A60300)</b>				
Interim Services/Beginner's Group	4,056	2,808		
Detox/Residential	474,819	382,782	1,310	786
Office Space (Counselor)	7,200	7,200		
<b>C. State Perinatal (A60305)</b>				
Residential	156,500	150,781	1,310	
OFR SLE	177,936	177,320	1,364	
<b>Total</b>	<b>\$ 1,479,418</b>	<b>1,366,031</b>	<b>7,474</b>	<b>10,120</b>
<b>Projection</b>			<b>168,334 <sup>(v)</sup></b>	<b>227,977 <sup>(vi)</sup></b>
<b>Total</b>			<b>175,808</b>	<b>238,097</b>

<sup>(i)</sup> Budgeted Amount column represents the Volunteers of America's (VOA) total budget set by the contractual agreements for its Alcohol and Drug Services (ADS) programs.

<sup>(ii)</sup> Actual Claim Amount column represents the entire amount claimed by VOA.

<sup>(iii)</sup> Questioned Costs column represents the amount questioned during our inspection of the monthly invoice claims selected for testing. See Finding Number 3b in Attachment I, *Findings and Recommendations*.

<sup>(iv)</sup> Disallowed Costs column represents the amount disallowed during our inspection of the monthly invoice claims selected for testing. See Finding Number 3b in Attachment I, *Findings and Recommendations*.

<sup>(v)</sup> Amount 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 3b in Attachment I, *Findings and Recommendations*.

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

County of Sacramento  
Department of Health and Human Services  
Volunteers of America  
Fiscal Monitoring  
Alcohol and Drug Services  
Schedule of Questioned and Disallowed Costs  
For the Period from July 1, 2015 to June 30, 2016

Budget Items	<u>Budget</u> <sup>(i)</sup>	<u>Actual Claim Amount</u> <sup>(ii)</sup>	<u>Questioned Costs</u> <sup>(iii)</sup>	<u>Disallowed Costs</u> <sup>(iv)</sup>
<b><u>Alcohol and Drug Services (ADS)</u></b>				
<b>A. CalWORKs (A60150)</b>				
Aftercare	\$ 653	653		
Detox/Residential	122,000	121,961		
SLE Family	535,399	535,399		17,383
<b>B. SAPT Perinatal Trans (A60300)</b>				
Interim Services/Beginner's Group	4,056	1,950	351	
Detox/Residential	476,000	331,954		
Office Space (Counselor)	7,200	7,200		
<b>C. State Perinatal (A60305)</b>				
Residential	156,500	156,414		
OFR SLE	177,936	139,216	1,892	308
<b>Total</b>	<b>\$ 1,479,744</b>	<b>1,294,747</b>	<b>2,243</b>	<b>17,691</b>
<b>Projection</b>			<b>36,085</b> <sup>(v)</sup>	<b>285,019</b> <sup>(vi)</sup>
<b>Total</b>			<b>38,328</b>	<b>302,710</b>

<sup>(i)</sup> Budgeted Amount column represents the Volunteers of America's (VOA) total budget set by the contractual agreements for its Alcohol and Drug Services (ADS) programs.

<sup>(ii)</sup> Actual Claim Amount column represents the entire amount claimed by VOA.

<sup>(iii)</sup> Questioned Costs column represents the amount questioned during our inspection of the monthly invoice claims selected for testing. See Finding Number 3b in Attachment I, *Findings and Recommendations*.

<sup>(iv)</sup> Disallowed Costs column represents the amount disallowed during our inspection of the monthly invoice claims selected for testing. See Finding Number 3b in Attachment I, *Findings and Recommendations*.

<sup>(v)</sup> Amount 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 3b in Attachment I, *Findings and Recommendations*.

<sup>(vi)</sup> Amount 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 3b in Attachment I, *Findings and Recommendations*.