

COUNTY OF SACRAMENTO

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

INTERNAL AUDIT REPORT

DEPARTMENT OF HEALTH SERVICES
FISCAL MONITORING

SOUTHEAST ASIAN ASSISTANCE CENTER



Audit Committee Submittal Date: 01/28/2019

SUMMARY

Background

Federal Uniform Grant Guidelines require pass-through agencies to perform fiscal monitoring of sub-recipients of Federal funding. The Department of Health Services requested the Internal Audits Unit perform fiscal monitoring of its identified sub-recipient, Southeast Asian Assistance Center, to satisfy the Uniform Grant Guideline requirements.

Audit Objective

Inspect the sub-recipient's financial statements, internal controls, invoice claims, general ledger, cost allocation, and funding sources for compliance with the contractual agreements between the sub-recipient and the County of Sacramento.

Summary

We noted several issues related to the sub-recipient's financial statements, internal controls, invoice claims, general ledger, cost allocation, and funding sources related to the compliance with the contractual agreements with the County of Sacramento and Federal Uniform Grant Guidelines.

Department of Finance

Ben Lamera
Director



Auditor-Controller Division

Joyce Renison
Assistant Auditor-Controller

County of Sacramento

December 19, 2018

Dr. Peter Beilenson, Director
Department of Health Services
7001-A East Parkway, Suite 1100
Sacramento, CA 95823

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

Dear Dr. Beilenson:

We have performed the procedures enumerated below, which were requested and were agreed to by you regarding Southeast Asian Assistance Center's (SAAC) fiscal compliance as outlined in the contractual agreements (Agreements) for the periods listed below:

- Negotiated Rate Agreement Number Agreement Number 7202900-16-301 and A1 for interpretation and translation services to Sacramento County residents with mental disorders (a.k.a. Program Services) for the period from July 1, 2015 to June 30, 2016.
- Cost Reimbursement Agreement Number 7202900-17-301 for Program Services for the period from July 1, 2016 to June 30, 2017.
- Cost Reimbursement Agreement Number 720900-18-301 for Program Services for the period from July 1, 2017 to February 28, 2018.

The sufficiency of the procedures is solely the responsibility of the Department of Health Services (DHS). Consequently, we make no representation regarding the sufficiency of the procedures described above 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 to above and is not intended to pertain to any other contractual agreements of DHS or SAAC.

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

DHS' management is responsible for monitoring SAAC's fiscal compliance of the Agreements in accordance with Section 200.331(d) *"Monitor the activities of the subrecipient [SAAC] 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 below and on the next page:

1. Financial Statements – We inspected SAAC’s audit reports for fiscal years ended June 30, 2016 and 2017, as well as interim financial statements for the 8 months ended February 28, 2018, to identify any concerns or issues that require attention.

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

2. Internal Control – We inspected SAAC’s written internal control policies and procedures including purchasing, vendor payments, payroll, claim submission, cost allocation, general ledger, and financial report preparation.

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

3. Claim Submission – We obtained and inspected SAAC’s monthly invoice claims for the months of January 2016, June 2016, January 2017, June 2017, and January 2018.

- General Ledger: We selected and tested a total of 85 transactions from the monthly invoice claims.
- Participants: We selected and tested a total of 15 Program Services participants from the monthly invoice claims.

We traced the monthly invoice claims, transactions, and participants to the supporting documentation. We extrapolated the result from this procedure to compute projected questioned and disallowed costs for the entire period from July 1, 2015 to February 28, 2018.

Finding: We noted several exceptions that require your attention as a result of our procedures resulting in questioned, disallowed, and projected costs based on our sample. See Attachment I, *Comments and Recommendations* and Schedules I to IV, *Schedule of Questioned and Disallowed Costs*.

4. General Ledger – We traced SAAC’s monthly invoice claims for January 2016, June 2016, January 2017, June 2017, and January 2018 to its general ledger.

We extrapolated the result from this procedure to compute projected questioned and disallowed costs for the entire period from July 1, 2015 to February 28, 2018.

Finding: We noted several exceptions that require attention as a result of our procedures resulting in questioned, disallowed, and projected costs based on our sample. See Attachment I, *Comments and Recommendations* and Schedules I to IV, *Schedule of Questioned and Disallowed Costs*.

5. Cost Allocation – We inspected SAAC’s cost allocation policies and procedures to identify any concerns or issues that required your attention. We tested the transactions listed at Item 3 on the previous page to identify any issues related to cost allocation.

Finding: We noted an exception that requires your attention as a result of our procedures. See Attachment I, *Comments and Recommendations*.

6. Funding Sources – We made inquiries to SAAC’s management to identify any funding sources other than DHS. We also inspected SAAC’s general ledger and invoice claims for January 2016, June 2016, January 2017, June 2017, and January 2018 to identify any inappropriate or duplicated charges.

Finding: SAAC received funding from DHS and the Department of Human Assistance during our review period. We noted an exception that requires your attention as a result of our procedures. See Attachment I, *Comments and Recommendations*.

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 SAAC’s financial statements or schedules, or compliance for the aforementioned programs, or results of our procedures on pages 2 and 3. 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 at Attachment I, *Comments and Recommendations*, and Schedules I to IV, *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 agreed-upon procedures. Had we tested additional invoices, the projected questioned and disallowed costs would likely be changed.

DHS’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

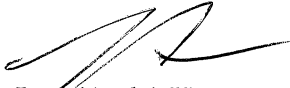
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DHS's management responses to the findings and, accordingly, we do not express an opinion on the responses to the findings.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Sacramento County Executive, DHS'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
Audit Manager

Enclosures

Attachment I: *Comments and Recommendations*
Schedules I to IV: *Schedule of Questioned and Disallowed Costs*

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1. Financial Statement Finding

Comment

Based on our inspection of the Department of Health Services' (DHS) sub-recipient Southeast Asian Assistance Center's (SAAC) financial statements, we noted concerns regarding SAAC's internal controls. As part of the audit of SAAC's financial statements for the year ended June 30, 2016, SAAC's independent auditor issued a supplemental Report on Internal Control Over Financial Reporting (a.k.a. Internal Control Report) and documented several internal control findings regarding SAAC's financial operations.

The Internal Control Report documented issues related to the following:

- I. SAAC's mileage reimbursement rate
- II. Compensated absences
- III. Petty cash
- IV. Grant reimbursement tracking and recording
- V. Custody of funds for another organization
- VI. Credit cards
- VII. Board meetings
- VIII. Separation of duties

We also noted the same independent auditor also completed an audit for SAAC's financial statements for the year ended June 30, 2017. As such, we requested SAAC to provide a follow-up to the Internal Control Report for the year ended June 30, 2017. Based on the results of the follow-up Internal Control Report completed by SAAC's independent auditor, it appears that issues I through VI above have been resolved and issues VII and VIII above have not been corrected.

As a result of these issues, we noted several concerns related to SAAC's invoice claims submitted to DHS described in Finding Number 3 of this attachment.

Internal control weaknesses should be resolved in a timely manner; lack of proper internal controls can lead to invoice claim errors and omissions, and not be in compliance with the contractual agreements between SAAC and DHS (a.k.a. Agreements).

Recommendation

We recommend DHS contact SAAC to resolve the outstanding internal control findings in a timely manner.

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DHS Management's Response

DHS will follow-up with SAAC in resolving the outstanding internal control findings in a timely manner.

2. Internal Control Finding

Comment

During our engagement, we noted the following issues related to SAAC's internal controls:

- I. SAAC did not have written policies and procedures for its financial activities including, but not limited to, purchasing, vendor payments, payroll, invoice claim submission, cost allocation, and financial reporting. A narrative of these activities were prepared and provided upon our request, however, the narrative was informal and was not adopted by SAAC's Board of Directors.
- II. All of SAAC's financial activities were handled by two staff, resulting in a lack of proper separation of duties.
- III. Several of SAAC's mileage claims submitted by employees did not include beginning and destination addresses. Acronyms of destinations were used in place of addresses. However, based on our inspection, the mileage claims expended appeared to be reasonable.
- IV. Several of SAAC's mileage claims and other employee reimbursements were missing either the employee's signature, supervisor's signature, or both.
- V. We noted two general ledger transactions selected for testing did not have any substantiating supporting documentation. Per our inquiry with SAAC, the support could not be located. See Finding Number 3 for further details and associated questioned costs.

Proper internal controls and Federal grant guidelines require SAAC to have established written policies and procedures for its financial activities. Written policies and procedures will assist the organization in maintaining proper internal controls. Lack of policies and procedures can create inconsistency and confusion among staff, cause invoice claim errors and omissions, and not be in compliance with the Agreements and Federal grant guidelines.

Financial activities should be performed by more than two people in an organization to ensure proper separation of duties is established. Lack of separation of duties can lead to invoice claim errors and omissions, non-compliance with the Agreements, and theft or misappropriation of assets.

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In addition, all mileage and other reimbursement claims should be signed by the respective employee and supervisor; and mileage claims should include beginning and destination addresses. By not including addresses on mileage claims, SAAC cannot determine whether the claims submitted by employees are accurate.

Furthermore, all general ledger expenses submitted with the monthly invoice claims should have adequate supporting documentation. Without supporting documentation, we could not determine whether the expenses claimed were appropriate or in compliance with the Agreements. See also Finding Number 3.

Recommendation

We recommend DHS the following:

- Require SAAC to develop, adopt, and implement written policies and procedures for its financial activities.
- Require SAAC to establish proper separation of duties.
- Require SAAC mileage claims to include beginning and destination addresses.
- Require SAAC mileage claims and other employee reimbursements to be signed by the employee and supervisor.
- Require SAAC to ensure all expenses claimed to DHS have adequate supporting documentation.

DHS Management's Response

DHS will require SAAC develop formal policies and procedures for financial activities and that it be approved by the Board of Directors. DHS will require that all invoices have supporting documentation to substantiate claims. DHS will also require SAAC work with its Board of Directors to explore viable strategies to achieve separation of duties. SAAC has implemented new policies that require all mileage claims to have both beginning and ending addresses and both the employee's and supervisor's signatures.

3. Claim Submission Finding

Comment

SAAC submitted monthly invoice claims to DHS under cost reimbursement Agreements. We were engaged to select and test general ledger samples from the months of January 2016, June 2016, January 2017, June 2017, and January 2018, and trace SAAC's general ledger to the respective invoice claims.

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During our inspection, we noted the following issues below and on the next page:

- I. During the month of January 2016, we noted an office expense was claimed in the amount of \$455 that consisted of several purchases was incorrectly calculated. During our inspection of the supporting documents, we noted these purchases added up to \$440 rather than \$455. Accordingly, we consider the difference in the amount of \$15 (\$455 – \$440) to be disallowed costs.
- II. During the month of January 2016, SAAC submitted claims to both DHS and the Department of Human Assistance (DHA). As such, office expenses were allocated between DHS and DHA by SAAC. As described in Finding Number 5, SAAC did not practice a reasonable cost allocation methodology. Accordingly, we could not determine whether the office expenses claimed in the amount of \$1,356 in January 2016 were reasonable. Accordingly, we consider SAAC's office expenses claimed in January 2016, less \$15 in identified disallowed costs described in item I above, to be questioned costs in the amount of \$1,341 (\$1,356 - \$15). See also Finding Numbers 2 and 5.
- III. During the month of June 2016, we noted that a travel expense claimed included a \$20 organization filing fee with the Secretary of State. Based on our inspection, this fee did not appear to be related to the Agreements' requirements. As such, we consider \$20 to be disallowed costs.
- IV. During the month of January 2017, we noted two expenses that had no supporting documentation in the amounts of \$34 and \$85. As such, we could not determine whether these expenses were allowable. Accordingly, we consider \$119 (\$34 + \$85) to be questioned costs. See also Finding Number 2.
- V. During the month of January 2018, we noted an expense for pest control services was claimed in the amount of \$342. Based on our inspection, it appears that the invoice was billed for retroactive services for twelve calendar months; six months in the current Agreement period and six months in the prior Agreement period. Only expenses that have incurred in the current contract period should be claimed. As such, we consider 50% of this expense in the amount of \$171 to be disallowed costs.
- VI. During our inspection, we noted that SAAC over-claimed on several line items during the months we sampled: \$6,890 was over-claimed in January 2016, \$3,972 was over-claimed in June 2016, \$1,557 was over-claimed in January 2017, and \$754 was over-claimed in June 2017. The over-claimed amounts represent the difference between the amounts submitted with SAAC's monthly invoice claims

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and the amounts expended in their general ledger. Under cost reimbursement agreements, only amounts expended by SAAC can be claimed. Accordingly, we consider the over-claimed amounts that exceeded SAAC's general ledger expenses to be questioned costs.

Proper internal controls indicate SAAC should only submit invoice claims for expenditures incurred, and ensure expenses are calculated for the correct amount. Adequate supporting documentation should be maintained for all expenses claimed. In addition, only allowable expenses should be claimed for reimbursement. Furthermore, a proper cost allocation methodology should be practiced when submitting invoice claims to more than one funding source. These invoice claim errors and omissions have resulted in questioned and disallowed costs, and non-compliance with the Agreements and applicable laws and regulations.

During the fiscal year (FY) 2015-16, we tested a total of \$96,583 out of the \$610,293 claimed by SAAC. Of the amount tested, we identified \$12,203, or 12.64% ($\$12,203 / \$96,583$), in questioned costs, and \$35, or 0.04% ($\$35 / \$96,583$), in disallowed costs. Accordingly, of the remaining untested claims totaling \$513,710 ($\$610,293 - \$96,583$), we project \$64,933 ($12.64\% \times \$513,710$) and \$206 ($0.04\% \times \$513,710$) to be questioned and disallowed costs, respectively. See Schedule I, *Schedule of Questioned and Disallowed Costs* for detailed line item amounts.

During FY 2016-17, we tested a total of \$97,335 out of the \$610,293 claimed by SAAC. Of the amount tested, we identified \$2,430, or 2.50% ($\$2,430 / \$97,335$), in questioned costs. Accordingly, of the remaining untested claims totaling \$512,958 ($\$610,293 - \$97,335$), we project \$12,824 ($2.50\% \times \$512,958$) to be questioned costs. See Schedule II, *Schedule of Questioned and Disallowed Costs* for detailed line item amounts.

During FY 2017-18, we tested a total of \$51,800 out of the \$411,840 claimed by SAAC through February 28, 2018. Of the amount tested, we identified \$171, or 0.33% ($\$171 / \$51,800$), in disallowed costs. Accordingly, of the remaining untested claims through February 28, 2018 totaling \$360,040 ($\$411,840 - \$51,800$), we project \$1,188 ($0.33\% \times \$360,040$) to be disallowed costs. See Schedule III, *Schedule of Questioned and Disallowed Costs* for detailed line item amounts.

The results of our testing are summarized at Tables 1 and 2 on the next page:

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Table 1: Summary of Questioned Costs

Fiscal Year	A	B	C	D	E
	SAAC's Claims	Amount Tested	Questioned Costs	C / B Projection Rate	D * (A - B) Projection
2015-16	\$ 610,293	96,583	12,203 ⁽¹⁾	12.64%	\$ 64,933
2016-17	610,293	97,335	2,430 ⁽²⁾	2.50%	12,824
2017-18	411,840 ⁽³⁾	51,800			
Total	\$ 1,632,426	245,718	14,633		\$ 77,757

⁽¹⁾ Amount consists of \$1,341, \$6,890, and \$3,972 identified in items II and VI.

⁽²⁾ Amount consists of \$119, \$1,557, and \$754 identified in items IV and VI.

⁽³⁾ Amount represents SAAC's total invoice claims submitted to DHS through February 28, 2018.

Table 2: Summary of Disallowed Costs

Fiscal Year	A	B	C	D	E
	SAAC's Claims	Amount Tested	Disallowed Costs	C / B Projection Rate	D * (A - B) Projection
2015-16	\$ 610,293	96,583	35 ⁽¹⁾	0.04%	\$ 206
2016-17	610,293	97,335			
2017-18	411,840 ⁽²⁾	51,800	171 ⁽³⁾	0.33%	1,188
Total	\$ 1,632,426	245,718	206		\$ 1,394

⁽¹⁾ Amount consists of \$15 and \$20 identified in items I and III.

⁽²⁾ Amount represents SAAC's total invoice claims submitted to DHS through February 28, 2018.

⁽³⁾ Amount consists of \$171 identified in item V.

The projected questioned and disallowed costs presented at Tables 1 and 2 of this finding are extrapolated based on our testing with the assumption that the same average error rate applied to each invoice in the populations for the respective fiscal years. Had we tested additional invoices, the projected questioned and disallowed costs would likely be changed. See Schedule IV, *Schedule of Questioned and Disallowed Costs*.

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Recommendation

We recommend DHS the following:

- Require SAAC to only submit invoice claims for expenses actually incurred, and for the correct amounts.
- Require SAAC to maintain adequate supporting documentation for all expenses submitted with invoice claims.
- Require SAAC to submit invoice claims for allowable expenses only.
- Require SAAC to adopt, implement, and practice a reasonable cost allocation methodology.
- Require SAAC to submit supporting documentation with their invoice claims; the general ledger details should be compared to the amounts claimed, and any differences should be researched and resolved prior to payment of invoice claims.
- Contact SAAC to develop a resolution to resolve the \$14,633 and \$77,757 in questioned and projected questioned costs, respectively.
- Contact SAAC to develop a resolution to resolve the \$206 and \$1,394 in disallowed and projected disallowed costs, respectively.

DHS's Management Response

DHS will require SAAC develop formal policies and procedures for financial activities approved by the Board of Directors. DHS will also require that all invoices have supporting documentation to substantiate the claims, and any discrepancies will be researched and resolved in a timely manner prior to payment of invoice claims. DHS will also work with SAAC to resolve the questioned and disallowed costs.

4. General Ledger Finding

We reiterate our comments and recommendations at Finding Numbers 2, 3 and 5.

5. Cost Allocation Finding

Comment

SAAC had contractual agreements with DHS and DHA during FY 2015-16. During our inspection, we noted that SAAC did not appear to have or practice a reasonable written cost

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allocation methodology. Several line item expenses allocated between DHS and DHA could not be substantiated. As a result, we noted an issue related to SAAC's FY 2015-16 invoice claims. See Finding Number 3 for further details.

Federal Cost Principles require sub-recipients to practice a reasonable cost allocation methodology when operating with more than one funding source. As such, SAAC is not in compliance with Federal Cost Principles.

Recommendation

We recommend DHS require SAAC to develop, adopt, and implement a reasonable cost allocation methodology.

DHS's Management Response

See our response for Finding Number 2.

DHS will require SAAC develop formal policies and procedures for financial activities approved by the Board of Directors, including a reasonable cost allocation methodology.

6. Funding Sources Finding

Comment

During FY 2015-16, SAAC received funding from DHS and DHA, as described in Finding Number 5. Invoice claims were submitted to both funding sources during this period. During our inspection and testing, we noted issues related to SAAC's lack of and application of a written cost allocation methodology and invoice claims submitted to both funding sources as described in Finding Numbers 2, 3, and 5.

Accordingly, we could not determine whether some of the expenses claimed to both funding sources were reasonable, and noted questioned costs described in Finding Number 3.

Recommendation

We recommend DHS require SAAC to develop, adopt, and implement a reasonable cost allocation methodology.

DHS's Management Response

See response for Finding Number 5.

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 Schedule of Questioned and Disallowed Costs
 For the Period from July 1, 2015 to June 30, 2016

Budget Items	Budget ⁽ⁱ⁾	SAAC's Invoice Claims ⁽ⁱⁱ⁾	Questioned Costs ⁽ⁱⁱⁱ⁾	Disallowed Costs ^(iv)
Salaries and Benefits				
Salaries	\$ 372,840	372,840	1,857	
Payroll Taxes	53,947	53,947	3,498	
Benefits	55,099	55,099		
Subtotal Salaries and Benefits	481,886	481,886	5,355	
Operating Expenses				
Occupancy Expenses	30,837	30,837	625	
Office Expenses	18,320	18,320	1,341	15
Travel/Mileage	22,416	22,416	248	20
Professional Services	4,400	4,400		
Insurance	7,434	7,434	474	
Training and Conferences				
Subtotal Operating Expenses	83,407	83,407	2,688	35
Overhead and Allocation Costs				
Allocated Personnel Expenditures	45,000	45,000	4,160	
Other Allocated/Indirect Expenses				
Subtotal Overhead and Allocation Costs	45,000	45,000	4,160	
Projection			64,933 ^(v)	206 ^(vi)
Total	\$ 610,293	610,293	77,136	241

⁽ⁱ⁾ Budget column represents the amounts obtained from the contractual agreement between the Department of Health Services (DHS) and Southeast Asian Assistance Center (SAAC) for the fiscal year (FY) 2015-16.

⁽ⁱⁱ⁾ SAAC's Invoice Claims column represents the total invoice claims submitted to DHS by SAAC.

⁽ⁱⁱⁱ⁾ Questioned Costs column represents the questioned costs identified during our engagement. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(iv) Disallowed Costs column represents the disallowed costs identified during our engagement. For consideration of disallowed costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(v) Amount represents the amount projected as questioned costs for the remaining monthly invoice claims not selected for testing. For consideration of projected questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(vi) Amount represents the amount projected as disallowed costs for the remaining monthly invoice claims not selected for testing. For consideration of projected disallowed costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

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For the Month of January 2016

Budget Items	Amount Claimed ⁽ⁱ⁾	SAAC's General Ledger ⁽ⁱⁱ⁾	Difference (Under)/Over ⁽ⁱⁱⁱ⁾	Questioned Costs ^(iv)	Disallowed Costs ^(v)
Salaries and Benefits					
Salaries	\$ 32,313	30,456	1,857	1,857	
Payroll Taxes	4,748	4,748			
Benefits	4,473	7,353	(2,880)		
Subtotal Salaries and Benefits	41,534	42,557	(1,023)	1,857	
Operating Expenses					
Occupancy Expenses	3,548	2,923	625	625	
Office Expenses	1,356	1,043	313	1,341	15
Travel/Mileage	1,829	1,581	248	248	
Professional Services					
Insurance					
Training and Conferences					
Subtotal Operating Expenses	6,733	5,547	1,186	2,214	15
Overhead and Allocation Costs					
Allocated Personnel Expenditures	8,160	4,000	4,160	4,160	
Other Allocated/Indirect Expenses					
Subtotal Overhead and Allocation Costs	8,160	4,000	4,160	4,160	
Total	\$ 56,427	52,104	4,323	8,231	15

⁽ⁱ⁾ Amount Claimed column represents SAAC's invoice claim submitted to DHS for the month of January 2016.

⁽ⁱⁱ⁾ SAAC's General Ledger column represents the amounts recorded in SAAC's general ledger for the month of January 2016.

⁽ⁱⁱⁱ⁾ Difference (Under)/Over column represents the difference between the amount in SAAC's general ledger and the amount claimed and paid by DHS.

^(iv) Questioned Costs column represents the questioned costs we identified during our engagement for the month of January 2016. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(v) Disallowed Costs column represents the disallowed costs we identified during our engagement for the month of January 2016. For consideration of disallowed costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

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Schedule of Questioned and Disallowed Costs
For the Month of June 2016

Budget Items	Amount Claimed ⁽ⁱ⁾	SAAC's General Ledger ⁽ⁱⁱ⁾	Difference (Under)/Over ⁽ⁱⁱⁱ⁾	Questioned Costs ^(iv)	Disallowed Costs ^(v)
Salaries and Benefits					
Salaries	\$ 16,898	25,398	(8,500)		
Payroll Taxes	8,972	5,474	3,498	3,498	
Benefits	5,557	6,697	(1,140)		
Subtotal Salaries and Benefits	31,427	37,569	(6,142)	3,498	
Operating Expenses					
Occupancy Expenses	1,034	2,922	(1,888)		
Office Expenses					
Travel/Mileage	2,201	5,317	(3,116)		20
Professional Services					
Insurance	474	(345)	474	474	
Training and Conferences					
Subtotal Operating Expenses	3,709	7,894	(4,530)	474	20
Overhead and Allocation Costs					
Allocated Personnel Expenditures	3,750	4,000	(250)		
Other Allocated/Indirect Expenses					
Subtotal Overhead and Allocation Costs	3,750	4,000	(250)		
Total	\$ 38,886	49,463	(10,922)	3,972	20

⁽ⁱ⁾ Amount Claimed column represents SAAC's invoice claim submitted to DHS for the month of June 2016.

⁽ⁱⁱ⁾ SAAC's General Ledger column represents the amounts recorded in SAAC's general ledger for the month of June 2016.

⁽ⁱⁱⁱ⁾ Difference (Under)/Over column represents the difference between the amount in SAAC's general ledger and the amount claimed and paid by DHS.

^(iv) Questioned Costs column represents the questioned costs we identified during our engagement for the month of June 2016. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(v) Disallowed Costs column represents the disallowed costs we identified during our engagement for the month of June 2016. For consideration of disallowed costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

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 For the Period from July 1, 2016 to June 30, 2017

Budget Items	Budget ⁽ⁱ⁾	SAAC's Invoice Claims ⁽ⁱⁱ⁾	Questioned Costs ⁽ⁱⁱⁱ⁾	Disallowed Costs ^(iv)
Salaries and Benefits				
Salaries	\$ 372,840	372,840	2,311	
Payroll Taxes	32,400	32,400		
Benefits	80,000	80,000		
Subtotal Salaries and Benefits	485,240	485,240	2,311	
Operating Expenses				
Occupancy Expenses	35,604	35,604		
Office Expenses	5,000	5,000	34	
Equipment Leases				
Computer Lab and IT Support	1,000	1,000	85	
Phone and Internet Service	4,200	4,200		
Travel/Mileage	22,849	22,849		
Professional Services	4,000	4,000		
Other Operating Expenses				
Insurance	7,400	7,400		
Training and Conferences				
Subtotal Operating Expenses	80,053	80,053	119	
Overhead and Allocation Costs				
Allocated Personnel Expenditures	45,000	45,000		
Other Allocated/Indirect Expenses				
Subtotal Overhead and Allocation Costs	45,000	45,000		
Projection			12,824 ^(v)	
Total	\$ 610,293	610,293	15,254	

⁽ⁱ⁾ Budget column represents the amounts obtained from the contractual agreement between the Department of Health Services (DHS) and Southeast Asian Assistance Center (SAAC) for the fiscal year (FY) 2016-17.

⁽ⁱⁱ⁾ SAAC's Invoice Claims column represents the total invoice claims submitted to DHS by SAAC.

⁽ⁱⁱⁱ⁾ Questioned Costs column represents the questioned costs identified during our engagement. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(iv) We did not identify any disallowed or projected disallowed costs during our engagement.

^(v) Amount represents the amount projected as questioned costs for the remaining monthly invoice claims not selected for testing. For consideration of projected questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

County of Sacramento
Department of Health Services
Southeast Asian Assistance Center Fiscal Monitoring
Schedule of Questioned and Disallowed Costs
For the Month of January 2017

Budget Items	Amount Claimed ⁽ⁱ⁾	SAAC's General Ledger ⁽ⁱⁱ⁾	Difference (Under)/Over ⁽ⁱⁱⁱ⁾	Questioned Costs ^(iv)	Disallowed Costs ^(v)
Salaries and Benefits					
Salaries	\$ 31,070	29,513	1,557	1,557	
Payroll Taxes	2,700	3,614	(914)		
Benefits	6,667	7,923	(1,256)		
Subtotal Salaries and Benefits	40,437	41,050	(613)	1,557	
Operating Expenses					
Occupancy Expenses	3,011	3,011			
Office Expenses	50	82	(32)	34	
Equipment Leases					
Computer Lab and IT Support	85	200	(115)	85	
Phone and Internet Service	25	335	(310)		
Travel/Mileage	1,608	1,918	(310)		
Professional Services					
Other Operating Expenses					
Insurance	200	540	(340)		
Training and Conferences					
Subtotal Operating Expenses	4,979	6,086	(1,107)	119	
Overhead and Allocation Costs					
Allocated Personnel Expenditures	3,750	4,000	(250)		
Other Allocated/Indirect Expenses					
Subtotal Overhead and Allocation Costs	3,750	4,000	(250)		
Total	\$ 49,166	51,136	(1,970)	1,676	

⁽ⁱ⁾ Amount Claimed column represents SAAC's invoice claim submitted to DHS for the month of January 2017.

⁽ⁱⁱ⁾ SAAC's General Ledger column represents the amounts recorded in SAAC's general ledger for the month of January 2017.

⁽ⁱⁱⁱ⁾ Difference (Under)/Over column represents the difference between the amount in SAAC's general ledger and the amount claimed and paid by DHS.

^(iv) Questioned Costs column represents the questioned costs we identified during our engagement for the month of January 2017. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(v) We did not identify any disallowed costs during our engagement.

County of Sacramento
Department of Health Services
Southeast Asian Assistance Center Fiscal Monitoring
Schedule of Questioned and Disallowed Costs
For the Month of June 2017

Budget Items	Amount Claimed ⁽ⁱ⁾	SAAC's General Ledger ⁽ⁱⁱ⁾	Difference (Under)/Over ⁽ⁱⁱⁱ⁾	Questioned Costs ^(iv)	Disallowed Costs ^(v)
Salaries and Benefits					
Salaries - Program Staff	\$ 31,922	31,168	754	754	
Payroll Taxes	2,151	2,746	(595)		
Benefits	5,447	8,430	(2,983)		
Subtotal Salaries and Benefits	39,520	42,344	(2,824)	754	
Operating Expenses					
Occupancy Expenses	3,011	3,011			
Office Expenses					
Equipment Leases					
Computer Lab and IT Support	81	81			
Phone and Internet Service					
Travel/Mileage	1,712	2,299	(587)		
Professional Services					
Other Operating Expenses					
Insurance					
Training and Conferences					
Subtotal Operating Expenses	4,804	5,391	(587)		
Overhead and Allocation Costs					
Allocated Personnel Expenditures	3,750	4,000	(250)		
Other Allocated/Indirect Expenses					
Subtotal Overhead and Allocation Costs	3,750	4,000	(250)		
Total	\$ 48,074	51,735	(3,661)	754	

⁽ⁱ⁾ Amount Claimed column represents SAAC's invoice claim submitted to DHS for the month of June 2017.

⁽ⁱⁱ⁾ SAAC's General Ledger column represents the amounts recorded in SAAC's general ledger for the month of June 2017.

⁽ⁱⁱⁱ⁾ Difference (Under)/Over column represents the difference between the amount in SAAC's general ledger and the amount claimed and paid by DHS.

^(iv) Questioned Costs column represents the questioned costs we identified during our engagement for the month of June 2017. For consideration of questioned costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(v) We did not identify any disallowed costs during our engagement.

County of Sacramento
 Department of Health Services
 Southeast Asian Assistance Center Fiscal Monitoring
 Schedule of Questioned and Disallowed Costs
 For the Period from July 1, 2017 to February 28, 2018

Budget Items	Budget ⁽ⁱ⁾	SAAC's Invoice Claims ⁽ⁱⁱ⁾	Questioned Costs ⁽ⁱⁱⁱ⁾	Disallowed Costs ^(iv)
Salaries and Benefits				
Salaries - Program Staff	\$ 334,464	222,976		
Payroll Taxes	44,995	30,528		
Benefits	102,336	67,735		
Subtotal Salaries and Benefits	481,795	321,239		
Operating Expenses				
Occupancy Expenses	36,132	21,399		171
Office Expenses	5,382	4,488		
Equipment Leases				
Computer Lab and IT Support	1,000	566		
Phone and Internet Service	7,306	4,590		
Travel/Mileage	19,079	15,182		
Professional Services	6,000	5,777		
Other Operating Expenses				
Insurance	8,599	8,599		
Training and Conferences				
Subtotal Operating Expenses	83,498	60,601		171
Overhead and Allocation Costs				
Allocated Personnel Expenditures	45,000	30,000		
Other Allocated/Indirect Expenses				
Subtotal Overhead and Allocation Costs	45,000	30,000		
Projection				1,188 ^(v)
Total	\$ 610,293	411,840		1,359

⁽ⁱ⁾ Budget column represents the amounts obtained from the contractual agreement between the Department of Health Services (DHS) and Southeast Asian Assistance Center (SAAC) for the fiscal year (FY) 2017-18 from July 1, 2017 to June 30, 2018.

⁽ⁱⁱ⁾ SAAC's Invoice Claims column represents the total invoice claims submitted to DHS by SAAC for the period July 1, 2017 to February 28, 2018.

⁽ⁱⁱⁱ⁾ We did not identify any questioned costs during our engagement.

^(iv) Disallowed Costs column represents the disallowed costs identified during our engagement. For consideration of disallowed costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

^(v) Amount represents the amount projected as disallowed costs for the remaining monthly invoice claims not selected for testing through February 28, 2018. For consideration of projected disallowed costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

County of Sacramento
Department of Health Services
Southeast Asian Assistance Center Fiscal Monitoring
Schedule of Questioned and Disallowed Costs
For the Month of January 2018

Budget Items	Amount	SAAC's	Difference	Questioned	Disallowed
	Claimed ⁽ⁱ⁾	General Ledger ⁽ⁱⁱ⁾	(Under)/Over ⁽ⁱⁱⁱ⁾	Costs ^(iv)	Costs ^(v)
Salaries and Benefits					
Salaries - Program Staff	\$ 27,872	28,714	(842)		
Payroll Taxes	2,035	2,449	(414)		
Benefits	8,639	10,135	(1,496)		
Subtotal Salaries and Benefits	38,546	41,298	(2,752)		
Operating Expenses					
Occupancy Expenses	2,772	2,772			171
Office Expenses	318	318			
Equipment Leases					
Computer Lab and IT Support					
Phone and Internet Service	593	593			
Travel/Mileage	1,011	1,011			
Professional Services	2,500	2,500			
Other Operating Expenses					
Insurance					
Training and Conferences					
Subtotal Operating Expenses	7,194	7,194			171
Overhead and Allocation Costs					
Allocated Personnel Expenditures	3,750	4,000	(250)		
Other Allocated/Indirect Expenses					
Subtotal Overhead and Allocation Costs	3,750	4,000	(250)		
Total	\$ 49,490	52,492	(3,002)		171

⁽ⁱ⁾ Amount Claimed column represents SAAC's invoice claim submitted to DHS for the month of January 2018.

⁽ⁱⁱ⁾ SAAC's General Ledger column represents the amounts recorded in SAAC's general ledger for the month of January 2018.

⁽ⁱⁱⁱ⁾ Difference (Under)/Over column represents the difference between the amount in SAAC's general ledger and the amount claimed and paid by DHS.

^(iv) We did not identify any questioned costs during our engagement.

^(v) Disallowed Costs column represents the disallowed costs we identified during our engagement for the month of January 2018. For consideration of disallowed costs, see Finding Number 3 in Attachment I, *Comments and Recommendations*.

County of Sacramento
 Department of Health Services
 Southeast Asian Assistance Center Fiscal Monitoring
 Schedule of Questioned and Disallowed Costs
 For the Period from July 1, 2015 to February 28, 2018

Questioned Costs⁽ⁱ⁾	Fiscal Year 2015-16	Fiscal Year 2016-17 ⁽ⁱⁱⁱ⁾	Fiscal Year 2017-18 ^(iv)	Grand Total ^(v)
Transaction Testing	\$ 1,341	119		1,460
SAAC's General Ledger and Invoice Claim Differences	10,862	2,311		13,173
Projected Questioned Costs	<u>64,933</u>	<u>12,824</u>		<u>77,757</u>
Total	<u>\$ 77,136</u>	<u>15,254</u>		<u>92,390</u>
Disallowed Costs⁽ⁱⁱ⁾				
Transaction Testing	\$ 35		171	206
Projected Disallowed Costs	<u>206</u>		<u>1,188</u>	<u>1,394</u>
Total	<u>\$ 241</u>		<u>1,359</u>	<u>1,600</u>

⁽ⁱ⁾ For consideration of questioned costs identified from transaction testing, invoice claim differences, and projections, see Finding Number 3 in Attachment I, *Comments and Recommendations*. For line item details of questioned costs, see Schedules I to III, *Schedule of Questioned and Disallowed Costs*.

⁽ⁱⁱ⁾ For consideration of disallowed costs identified from transaction testing, invoice claim differences, and projections, see Finding Number 3 in Attachment I, *Comments and Recommendations*. For line item details of questioned costs, see Schedules I to III, *Schedule of Questioned and Disallowed Costs*.

⁽ⁱⁱⁱ⁾ We did not identify any disallowed costs during the fiscal year (FY) 2016-17.

^(iv) We did not identify any questioned costs during FY 2017-18. Projection amount is calculated through February 28, 2018.

^(v) Amounts represent the sum of the questioned, disallowed, and projections for FY 2015-16, FY 2016-17, and FY 2017-18 through February 28, 2018.