

# COUNTY OF SACRAMENTO

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

**INTERNAL AUDIT REPORT**  
**STRATEGIES FOR CHANGE**  
**AGREED-UPON PROCEDURES**  
**FOR THE PERIOD**  
**JULY 1, 2018 TO JUNE 30, 2020**

**DEPARTMENT OF HEALTH SERVICES**



**Audit Committee Submittal Date: 08/19/2021**

## **SUMMARY**

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### **Background**

This fiscal monitoring agreed-upon procedures was originally requested by the Department of Health Services (DHS) as Strategies for Change (SFC) is assessed as one of the high-risk subrecipients based on DHS' subrecipient risk assessment.

### **Review Objective**

To assist DHS in assessing SFC's financial condition and compliance with the Agreements between DHS and SFC.

### **Summary**

Based on our agreed-upon procedures performed, we noted one exception. As a result, one recommendation was issued.

Department of Finance  
Ben Lamera  
Director



Auditor-Controller Division  
Joyce Renison  
Assistant Auditor-Controller

## County of Sacramento

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July 22, 2021

Chevon Kothari, Director  
Department of Health Services  
7001-A East Parkway, Suite 1000  
Sacramento, CA 95823

Dear Ms. Kothari:

Enclosed is our final report on the fiscal monitoring agreed-upon procedures of Strategies for Change for the period of July 1, 2018 through June 30, 2020.

Again, we would like to take this opportunity to thank you and your staff for the cooperation and assistance we received during our engagement.

Sincerely,

BEN LAMERA  
DIRECTOR OF FINANCE

By: Ross McCarthy, CPA  
Senior Audit Manager

A handwritten signature in black ink, appearing to read "R. McCarthy", is written over the typed name of Ross McCarthy.

Department of Finance  
Ben Lamera  
Director



Auditor-Controller Division  
Joyce Renison  
Assistant Auditor-Controller

## County of Sacramento

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July 22, 2021

Chevon Kothari, Director  
Department of Health Services  
County of Sacramento  
7001-A East Parkway, Suite 1100  
Sacramento, California 95823

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

Dear Ms. Kothari:

We have performed the procedures, enumerated below, which were requested and agreed to by the Department of Health Services (DHS) regarding Strategies for Change (SFC)'s fiscal compliance as outlined in the contractual agreements (Agreements) listed below:

- **Ryan White Comprehensive AIDS Resources Emergency (Care) Act  
Case Management and Outpatient Substance Abuse Services for HIV+ Individuals**
  - **Contract No. 7207500-1320-208 for the period from 2/28/19 to 3/31/2020**
- **Substance Use Disorder - Outpatient Treatment and Intensive Outpatient Services**
  - **Contract No. 7206000-19-016 for the period from 7/1/2018 to 6/30/2019**
- **Substance Use Disorder - Outpatient Treatment and Intensive Outpatient Services**
  - **Contract No. 7206000-20-016 for the period from 7/1/2019 to 6/30/2020**

This agreed-upon procedures engagement was conducted to support DHS to assess SFC's financial condition and compliance with the above Agreements.

DHS management is responsible for monitoring SFC's compliance with the Agreements. The sufficiency of the procedures is solely the responsibility of DHS management. Consequently, we make no representation regarding the sufficiency of the procedures described on page two of this report, either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to the contracts referred to above and is not intended to pertain to any other agreements of DHS or SFC.

The procedures that we performed and our findings were as follows:

1. Internal Controls - We reviewed SFC's written internal control policies and procedures including purchasing, vendor payments, payroll, claim submissions, cost allocations, general ledger, and financial report preparation. We also reviewed SFC's written procedures for clients' admission and release, program eligibility verification, and services provided for its programs listed in the Agreements.

Finding: We noted one contract requirement was not met by SFC. See Attachment I, *Current Findings and Recommendations*.

2. Financial Statements – We inspected SFC's audit reports for years ended June 30, 2019 and 2020 to identify any concerns or issues that may require your attention.

Finding: We did not note any exceptions as a result of this procedure.

3. Claim Submissions - We inspected SFC's monthly invoice claims for July 2018, April 2019, June 2019, November 2019, March 2020, and June 2020. We haphazardly selected and tested a total of 30 clients/units from the selected months.

Finding: We noted that one client file selected for testing could not be located. See Attachment I, *Current Findings and Recommendations*.

4. General Ledger - We traced SFC's monthly invoice claims for July 2018, April 2019, June 2019, November 2019, March 2020, and June 2020 to SFC's general ledger.

Finding: We did not note any exceptions as a result of this procedure.

5. Cost Allocations - We reviewed SFC's cost allocation policies and procedures and tested selected expenditure allocations related to the Ryan White Program contract.

Finding: We did not note any exceptions as a result of this procedure.

6. Funding Sources- We inspected SFC's general ledger and invoice claims for July 2018, April 2019, June 2019, November 2019, March 2020, and June 2020 to identify any inappropriate or duplicated charges.

Finding: We did not note any exceptions as a result of this procedure.

Ms. Chevon Kothari, Director  
July 22, 2021  
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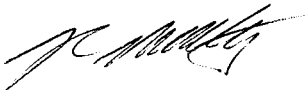
This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit or examination, or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on SFC's financial statements or schedules, internal controls, or compliance with the Agreements. 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 Agreements and does not extend to any other program administered by Sacramento County DHS.

This report is intended solely for the use of the Sacramento County Board of Supervisors, those charged with governance, Sacramento County Audit Committee, Sacramento County Executive, and DHS's management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA  
DIRECTOR OF FINANCE

By: Ross McCarthy, CPA  
Senior Audit Manager



Enclosures

Attachment I: Current Findings and Recommendations  
Schedule I: Ryan White Program Claims  
Schedule II: ADS Provider Claims FY 18/19  
Schedule III ADS Provider Claims FY 19/20

County of Sacramento  
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Findings and Recommendations  
For the Period July 1, 2018 through June 30, 2020

**1. Request for Client File Not Located**

Condition:

Strategies for Change (SFC) could not locate one client file when the auditor requested it during their testing of claimed units of service. The file in question was to support Outpatient Individual and Outpatient Group units claimed for Prop 36 Substance Abuse Prevention and Treatment (SAPT) – Outpatient funding on the March 2020 South claim.

Contract No. 7206000-20-016 Section XXX1. Audits and Records states, “Upon COUNTY’s request, COUNTY or its designee shall have the right at reasonable times and intervals to audit, at CONTRACTOR’s premises, CONTRACTOR’s financial and program records as COUNTY deems necessary to determine CONTRACTOR’s compliance with legal and contractual requirements and the correctness of claims submitted by CONTRACTOR. Contractor shall maintain such records for a period of four (4) years following termination of the Agreement...”

Without supporting documentation contained in a client file, units of service claimed cannot be verified.

It appeared that SFC did not have procedures in place to check in and out client files in order to maintain proper oversight of financial and program records.

Effect:

Without claim records, the County cannot review SFC’s compliance with contractual agreements.

Recommendation:

SFC should develop procedures to maintain oversight of financial and program records to meet contract obligations.

Management’s Response:

SFC recently merged with and is now operating under WellSpace Health.

DHS will require WellSpace Health to develop procedures that maintain oversight of both their financial and program records in order to meet contract

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obligations. WellSpace Health will implement sign out logs for files and have already purchased preprinted charge-out forms that will indicate the specific file taken, the date taken and by whom. WellSpace Health projects to have this new system implemented by August 1, 2021.



COUNTY OF SACRAMENTO  
 DEPARTMENT OF HEALTH SERVICES  
 STRATEGIES FOR CHANGE  
 FISCAL MONITORING AGREED-UPON PROCEDURES  
 SCHEDULE OF CLAIMS PAID  
 FOR THE PERIOD FEBRUARY 29, 2019 TO MARCH 30, 2020

RYAN WHITE PROGRAM CLAIMS

<u>Month</u>	<u>Invoice Amount</u>	<u>Amount Paid</u>	<u>Difference</u>
Mar 2019	\$ 7,868	7,868	0
Apr 2019	8,550	8,550	0
May 2019	8,603	8,603	0
Jun 2019	8,400	8,400	0
Jul 2019	9,999	9,999	0
Aug 2019	9,884	9,884	0
Sep 2019	10,854	10,854	0
Oct 2019	13,095	13,095	0
Nov 2019	14,247	14,247	0
Dec 2019	13,300	13,300	0
Jan 2020	15,812	15,812	0
Feb 2020	15,424	15,424	0
Mar 2020	<u>8,978</u>	<u>8,978</u>	<u>0</u>
Totals	<u>\$145,014</u>	<u>145,014</u>	<u>0</u>

COUNTY OF SACRAMENTO  
 DEPARTMENT OF HEALTH SERVICES  
 STRATEGIES FOR CHANGE  
 FISCAL MONITORING AGREED-UPON PROCEDURES  
 SCHEDULE OF CLAIMS PAID  
 FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019

ALCOHOL AND DRUG SERVICES (ADS) PROVIDER CLAIMS

<u>Month</u>	<u>Amount Claimed</u>	<u>Amount Paid</u>	<u>Difference</u>
Jul 2018	\$ 166,738	166,738	0
Aug 2018	181,199	181,199	0
Sep 2018	153,629	153,629	0
Oct 2018	169,617	169,617	0
Nov 2018	141,788	141,788	0
Dec 2018	139,059	139,059	0
Jan 2019	149,285	149,285	0
Feb 2019	139,783	139,783	0
Mar 2019	148,767	148,767	0
Apr 2019	163,313	163,313	0
May 2019	155,597	155,597	0
Jun 2019	154,773	154,773	0
Totals	<u>\$1,863,548</u>	<u>1,863,548</u>	<u>0</u>

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 DEPARTMENT OF HEALTH SERVICES  
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ALCOHOL AND DRUG SERVICES (ADS) PROVIDER CLAIMS

<u>Month</u>	<u>Amount Claimed</u>	<u>Amount Paid</u>	<u>Difference</u>
Jul 2019	\$ 177,286	177,286	0
Aug 2019	198,725	198,725	0
Sep 2019	177,352	177,352	0
Oct 2019	201,440	201,440	0
Nov 2019	163,739	163,739	0
Dec 2019	191,714	191,714	0
Jan 2020	180,828	180,828	0
Feb 2020	157,193	157,193	0
Mar 2020	209,308	209,308	0
Apr 2020	261,001	261,001	0
May 2020	262,009	262,009	0
Jun 2020	<u>268,518</u>	<u>268,518</u>	<u>0</u>
Totals	<u>\$ 2,449,113</u>	<u>2,449,113</u>	<u>0</u>