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GOVERNOR



NANCY WARD
DIRECTOR

November 20, 2025

Mary Jo Flynn-Nevins
Chief
Sacramento County
3720 Dudley Blvd, Suite 122
Sacramento, CA 95652

Subject: Desk Compliance Audit #25-3339
FIPS #067-00000

Dear Chief Mary Jo Flynn-Nevins:

The California Governor's Office of Emergency Services (Cal OES) has concluded the compliance audit initiated on January 16, 2025, of the Cal OES Grant Subaward noted below. Our audit included reviewing documentation submitted to support your expenditures and performing certain procedures as necessary to determine compliance with the Code of Federal Regulations (CFR) and program guidelines.

<u>Program Name</u>	<u>Subaward Number</u>	<u>Performance Period</u>
Homeland Security Grant Program	2022-0043	09/01/22 – 05/31/25

The following are findings resulting from the compliance audit.

FINDINGS

Finding: #1: Delayed Cash Request Submission

The Subrecipient did not submit expenditures or cash requests at least semi-annually during the performance period of the 2022 Grant Subaward, as stipulated in the grant's terms and conditions. The Notification of Subrecipient Application Approval was issued on January 26, 2023, making the Subrecipient



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eligible to submit a cash request. However, the first reimbursement request was not submitted until December 14, 2023.

The Cal OES Fiscal Year 2022 Homeland Security Grant Program California Supplement to the Federal Notice of Funding Opportunity, page 23, states, *"All Subrecipients must report expenditures and request funds at least semi-annually throughout the period of performance. Semi-annual drawdowns should occur by March and October of each calendar year following final approval of the subaward application, except for the final cash request, which must be submitted within 20 calendar days after the end of the period of performance."*

Required Action: The Subrecipient must establish and implement procedures to ensure that cash requests are submitted at least semi-annually, in accordance with the terms and conditions of the Grant Subaward. A Corrective Action Plan (CAP) must be submitted, outlining the specific actions that will be taken to develop and implement these procedures, along with a detailed timeline for implementation.

Finding #2: Noncompliant Physical Inventory

The Subrecipient obtained self-certified statements from second-tier subrecipients affirming that the equipment was in working condition. However, the Subrecipient did not submit documentation demonstrating that the Subrecipient conducted on-site equipment inspections of the second-tier subrecipient within the past two years, as required by the Code of Federal Regulations.

Title 2 CFR 200.313(d)(2) states, *"A physical inventory of the property must be conducted, and the results must be reconciled with the property records at least once every two years."*

The Cal OES Fiscal Year 2022 Homeland Security Grant Program California Supplement to the Federal Notice of Funding Opportunity, page 28, states, *"...Subrecipients must have an effective inventory management system to include:*

- *Property records that document description, serial /ID number, fund source, title information, acquisition date, cost, federal cost share, location, use, condition, and ultimate disposition;*

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- *A physical inventory conducted at least every two years;*
- *A control system to prevent loss, damage, and theft of grant purchased equipment and supplies; and*
- *Adequate maintenance procedures to keep the property in good condition."*

Required Action: The Subrecipient must establish and implement procedures to ensure physical inventories are conducted by the Subrecipient every two years. A CAP must be submitted, outlining the specific actions that will be taken to develop and implement a physical inventory plan, along with a detailed timeline for implementation.

Finding #3: Noncompliant Timesheets

The Subrecipient submitted timesheets for employees and contractors whose time was charged to the Grant Subaward. However, the activities listed in the separate documentation were vague and lacked sufficient detail to clearly demonstrate how the activities were carried out and contributed to the Grant Subaward. Additionally, hours were recorded on the timesheets without being assigned a specific cost objective.

Title 2 CFR, 200.430(g)(1) states, "*Charges to Federal awards for salaries and wages must be based on actual records that accurately reflect the work performed. These records must...*

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities...

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis...

(vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity..."

Required Action: The Subrecipient must develop and implement procedures to ensure that timesheets are submitted for all employees and contractors whose time is charged to the Grant Subaward. These timesheets must accurately

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reflect the work performed, include detailed descriptions of activities performed, and assign hours to specific cost objectives. A CAP must be submitted outlining the specific actions that will be taken to develop and implement the required procedures, along with a detailed timeline for implementation.

Finding #4: Improper Contractor Procurement

The Subrecipient procured three (3) contractors for the Central California Intelligence Center (CCIC) using Homeland Security Grant funds. The Subrecipient submitted a job posting and an interview schedule that included interview times but did not list any applicants. A resume was submitted for only one (1) of the contractors who was ultimately hired. According to an email provided, one (1) potential contractor was disqualified during the background check process prior to hire. As a result of this disqualification, only one (1) contractor was hired. However, no documentation was submitted for the two (2) remaining contractors, who were also hired and allocated to the Homeland Security Grant funds.

The Subrecipient followed their own procurement policy for one contractor; however, it did not obtain multiple quotes and did not follow the Code of Federal Regulations as required for small purchases exceeding the \$10,000 threshold.

Title 2 CFR, 200.320(2)(i) states, *"Simplified acquisition procedures. The aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If simplified acquisition procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."*

Required Action: The Subrecipient must develop and implement procedures to ensure that all future procurements utilizing Grant Subaward funds are conducted in compliance with the Federal regulations. A CAP must be submitted outlining the specific actions to be taken ensuring federal compliance along with a detailed timeline for implementation.

Finding #5: Written Procurement Policy Does Not Comply with Regulations

The Subrecipient's written procurement policy is not compliant with applicable State, local, and tribal laws and regulations, and does not incorporate the

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federally required procurement standards outlined in Title 2 CFR 200.317–200.327. The policy does not clearly define or specify the thresholds and procedures for the small and informal purchases as required in procurement methods.

Due to this omission, the Subrecipient's procurement policy is not consistent with federal regulations. As of the November 12, 2020, update to the Uniform Guidance, all Subrecipients are required to be consistent with the procurement standards under Title 2 CFR Part 200.

Title 2 CFR 200.318(a) states, *"The recipient or subrecipient must maintain and use documented procedures for procurement transactions under a Federal award or subaward, including for acquisition of property or services. These documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in 200.317 through 200.327."*

Title 2 CFR 200.320 states, *"There are three types of procurement methods described in this section: informal procurement methods (for micro-purchases and simplified acquisitions); formal procurement methods (through sealed bids or proposals); and noncompetitive procurement methods. For any of these methods, the recipient or subrecipient must maintain and use documented procurement procedures, consistent with the standards of this section and 200.317, 200.318, and 200.319."*

Required Action: The Subrecipient must develop and implement a system of internal controls to ensure all future procurements using Grant Subaward funds are consistent with the federal requirements outlined in Title 2 CFR Part 200. Additionally, the updated policy must incorporate all necessary elements in Title 2 CFR 200.317–200.327. A CAP must be submitted outlining the specific actions that will be taken to develop and implement the required procedures, along with a detailed timeline for implementation.

Finding #6: No Written Standards of Conduct/Conflict of Interest Policy

As noted in the *Introduction to Contract and Purchasing Services Division* (pages 24–26), the Subrecipient provided documentation demonstrating established written standards of conduct addressing conflicts of interest in procurement transactions, as required by federal provisions. However, the policies did not include disciplinary actions for violations of these standards.

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The Subrecipient subsequently submitted *Basic Public Purchasing for Department Designated Buyers*, which includes a partial conflict of interest policy on page 53 but does not specify any disciplinary actions. In addition, this manual applies only to department-designated buyers with low purchasing thresholds.

Title 2 CFR 200.318(c)(1) states, *"The recipient or subrecipient must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts... No employee, officer, or agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by a Federal award. A conflict of interest includes when the employee, officer, agent, or board member, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract. An employee, officer, agent, and board member of the recipient or subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors. However, the recipient or subrecipient may set standards for situations where the financial interest is not substantial or a gift is an unsolicited item of nominal value. The recipient's or subrecipient's standards of conduct must also provide for disciplinary actions to be applied for violations by its employees, officers, agents, or board members."*

Required Action: The Subrecipient must develop and implement written standards of conduct that:

- Prohibit conflicts of interest in procurements and contracts.
- Govern the actions of employees engaged in the selection, award and administration of contracts.
- Include disciplinary actions for violations of these standards.

A CAP must be submitted, outlining the specific actions that will be taken to develop and implement these standards, along with a detailed timeline for implementation.

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Finding #7: Non-Compliance with Byrd Anti-Lobbying Certification/Contract Provision

The Subrecipient did not provide the required Byrd Anti-Lobbying certification form for two (2) procurements exceeding the \$100,000 threshold:

- Chemical Detectors - \$138,092
- Aerial Mapping - \$147,618

These omissions are not in compliance with 2 CFR § 200.450, 2 CFR Part 200, Appendix II (1), and the Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352), all of which require certification that no federal funds were used for lobbying activities and mandate disclosure when such activities occur. While the Subrecipient did submit the required certification form for the chemical detector following a request from Cal OES, the form was dated May 21, 2025, which is after the contract execution date of October 9, 2023. Additionally, the certification for the Aerial Mapping activity was not submitted, further compounding the compliance concern.

Title 2 CFR, 200.450(a) states, *"Lobbying costs associated with obtaining Federal assistance awards. The costs of certain influencing activities associated with obtaining grants, cooperative agreements, contracts, or loans are unallowable. Lobbying with respect to certain grants, cooperative agreements, contracts, and loans is governed by relevant statutes, including the provisions of 31 U.S.C. 1352, as well as the common rule, 'New Restrictions on Lobbying,' published on February 26, 1990, including definitions, and the Office of Management and Budget "Government-wide Guidance for New Restrictions on Lobbying" and notices published on December 20, 1989, June 15, 1990, January 15, 1992, and January 19, 1996."*

Title 2 CFR, Part 200, Appendix II(I) states, *"Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award."*

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Byrd Anti-Lobbying Amendment (31 U.S.C, 1352) states, "Federal law at 31 U.S.C. § 1352 (hereinafter "Byrd Amendment") prohibits the use of appropriated funds by recipients of a 'Federal contract' for purposes of influencing or attempting to influence federal officials in connection with a 'Federal action,' such as the awarding of a "Federal contract." The Byrd Amendment prohibits contractors from using appropriated funds for lobbying in connection with a contract, grant, loan or cooperative agreement with a Federal agency. The Byrd Amendment additionally requires the contractor to disclose its lobbying activities to the Federal agency connected with such contract, grant or loan when the contract amount exceeds \$100,000.

The Byrd Amendment requires a recipient of a "Federal contract" in excess of \$100,000 to file with the FDIC certain certification or disclosure forms. These forms must be filed with the FDIC in accordance with subsection (b)(4) of the Byrd Amendment:

(A) With each submission that requests an award of a federal contract, grant, loan, or cooperative agreement;

(B) Upon the receipt of a federal contract, grant, loan, or cooperative agreement..."

Required Action: The Subrecipient must develop and implement a system of internal controls to ensure all procurements exceeding \$100,000 utilizing Grant Subaward funds are fully compliant with the applicable federal regulations, specifically:

- 2 CFR 200.450 (a) – addresses restrictions on lobbying costs.
- 2 CFR Part 200, Appendix II (I) – addresses required contract provisions for recipient and subrecipient contracts.
- 31 U.S.C., Section 1352 – addresses necessary certifications.

In addition, the updated policy must include procedures to ensure that:

- A procurement certification form is completed for each applicable procurement exceeding \$100,000.
- The completed certification forms are submitted to the awarding agency in a timely manner.

A CAP must be submitted, outlining the specific actions that will be taken to develop and implement these standards, along with a timeline for implementation.

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Finding #8: Reimbursement Request Submitted Prior to Paying the Expense

The Subrecipient requested reimbursement from Cal OES for training costs before paying the related invoices. While reimbursement from Cal OES occurred on June 25, 2024, the training invoices were paid by the Subrecipient on July 7, 2024, and July 14, 2024. This indicates that the costs had not been paid prior to requesting reimbursement.

Additionally, the Subrecipient stated in the Internal Control Questionnaire, Monitoring of Second Tier Subrecipients, question 13, *"We review the packet to ensure that they complied with the grant, then submit cash request to Cal OES. Once it's approved and we receive a check from Cal OES, we deposit it and pay our subrecipients."* The Homeland Security Grant Program is a reimbursement grant requiring expenditures to be paid prior to reimbursement from the granting entity.

Title 2 CFR 200.305(3) states, *"Reimbursement is preferred when the requirements in paragraph (b) cannot be met, when the Federal agency or pass-through entity sets a specific condition per § 200.208...when the reimbursement method is used, the Federal agency or pass-through entity must make payment within 30 calendar days after receipt of the payment request unless the Federal agency or pass-through entity reasonably believes the request to be improper."*

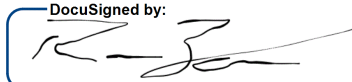
Required Action: The Subrecipient must establish and implement procedures to ensure all future reimbursement requests include only expenditures that have been fully paid prior to submission. A CAP must be submitted, outlining the specific actions that will be taken to develop and implement these standards, along with a timeline for implementation.

The enclosed document, "Subrecipient Corrective Action Plan Procedures" provides detailed instructions for developing your CAP. The CAP must be submitted to Cal OES Office of Audits and Investigations, attention Jennifer Kolbe, Auditor, within 30 days of the date of this report. Should you require technical assistance to complete your CAP and/or ensure compliance in any of the above areas, please contact Jennifer Kolbe, at (916) 845-8137 or by email at, Jennifer.Kolbe@caloes.ca.gov.

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Thank you for the courtesy and cooperation you extended to Cal OES in completing this review.

Sincerely,

DocuSigned by:

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Ralph Zavala, Chief
Office of Audits and Investigations

Enclosure: Subrecipient Corrective Action Plan Procedures

cc: Alissa Adams, Chief, Homeland Security Grants Division

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