COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER DIVISION
INTERNAL AUDIT UNIT REPORT

SACRAMENTO ASIAN PACIFIC CHAMBER OF COMMERCE
FISCAL MONITORING
AGREED-UPON PROCEDURES
OFFICE OF ECONOMIC DEVELOPMENT

Audit Committee Submittal Date: 06/18/2026

SUMMARY

Background

This fiscal monitoring Agreed-Upon Procedures (AUP) was requested by the Office of Economic Development (OED) as the Sacramento Asian Pacific Chamber of Commerce (SAPCC) was assessed as one of the high risk subrecipients based on OED's subrecipient risk assessment.

The scope of this AUP includes two OED agreements with SAPCC funded by the American Rescue Plan Act (ARPA):

- COVID-19 Related Business Support Services- Agreement: ER7-2022-01
- ARPA, Chamber of Commerce Grant- Agreement: ER1-2022-17

Under these Agreements, SAPCC delivered direct support services to Sacramento County residents and small businesses impacted by the ongoing effects of the COVID-19 pandemic.

The scope of our agreed-upon procedures covers the period from March 28, 2022, to October 31, 2024.

Audit Objective

To assist OED in assessing SAPCC's compliance with the Agreements.

Summary

Based on our procedures, we noted several exceptions related to audit compliance and inadequate documentation supporting financial claims. In total, $188,222.91 was identified as disallowed costs and an additional $65,326.50 was identified as questioned costs.

Department of Finance
Chad Rinde
Director

County of Sacramento

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

May 22, 2026

Crystal Bethke, Director
Office of Economic Development
County of Sacramento
700 H Street, Suite 6750,
Sacramento, CA 95814

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Dear Ms. Bethke:

We have performed the procedures enumerated on pages 2 and 3, which were requested and were agreed to by the Office of Economic Development (OED), to assist OED in assessing Sacramento Asian Pacific Chamber of Commerce (SAPCC)'s compliance with the agreements between OED and SAPCC (Agreements) from March 28, 2022, to December 31, 2024 listed below:

- **COVID-19 Related Business Support Services**
  - Agreement: ER7-2022-01
- **American Rescue Plan Act, Chamber of Commerce Grant**
  - Agreement: ER1-2022-17

OED's management is responsible for monitoring SAPCC's compliance of the Agreements.

SAPCC is responsible for compliance with the Agreements. In performing our AUP engagement, we have relied solely on representations provided by OED relating to SAPCC's responsibility for compliance with the Agreements.

OED has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of assessment of SAPCC's compliance with the Agreements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and associated results are as follows:

1) Internal Controls – We inspected SAPCC's written internal control policies and procedures including purchasing, vendor payments, payroll, claim submissions, cost allocations, subaward contracting process and monitoring, general ledger, and financial report preparation.

   Result: We did not note any exception from our procedures

2) Financial and Single Audit Reports – We inspected SAPCC's financial and Single Audit reports for years ended December 31, 2022, 2023 and 2024 to identify any concerns or issues that may require your attention.

   Result: We noted exceptions and issues related to SAPCC's Financial and Single Audit reports. See Finding #1 at ATT 2 – *Findings and Recommendations.*

3) General Ledger – We traced SAPCC's total invoice claimed amounts to its general ledger and to verify whether the claims have been reconciled to the general ledger for the Agreements.

   Result: We noted exceptions from this procedure. Finding #2 at ATT 2 – *Findings and Recommendations.*

4) Claim Submission – We haphazardly selected and test a total of 60 expense transactions on invoice claims for Agreement ER7-2022-01 and tested the only invoice for Agreement ER1-2022-17.

   Result: We noted no exceptions from this procedure.

5) Subcontract Process and Monitoring – We reviewed the SAPCC's contract process and inspected the SAPCC's subcontract monitoring activities including reviewed of a sample of SAPCC subcontractors' claims and the supporting documentation tested at procedure #4.

   Result: We noted no exceptions from this procedure.

6) Cost Allocations – We inspected SAPCC's cost allocation policies and procedures to identify any concerns or issues that may require your attention. We tested Program cost and Indirect cost as a sample of transactions from Agreement ER7-2022-01 and all transactions from Agreement ER1-2022-17 to identify any issues related to cost allocations.

   Result: We noted no exceptions from this procedure.

7) Funding Sources – We made inquiries to SAPCC's management to identify any funding sources other than OED for SAPCC's programs funded by the Agreements.

Result: We did not note any exceptions from this procedure since SAPCC stated that it did not have any other funding source.

We were engaged by OED to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the standards for attestation engagements contained in *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States of America. An agreed-upon-procedure engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on SAPCC's financial condition, compliance with the Agreement, and accuracy of invoice claims. 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.

We are required to be independent of SAPCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report relates only to the results of our procedures referred to above and does not extend to SAPCC's operations as a whole.

OED's response to the finding identified during our procedures is described in ATT 2 – *Findings and Recommendations*. We did not perform procedures to validate OED's response to the finding and, accordingly, we do not express an opinion on the response to the finding.

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

Sincerely,

CHAD RINDE
DIRECTOR OF FINANCE

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

Enclosures

ATT 1 – *Schedule of Amounts Budgeted and Claimed, Tested, Questioned*
ATT 2 – *Findings and Recommendations*

ATT 1

County of Sacramento
Office of Economic Development
Sacramento Asian Pacific Chamber of Commerce
Fiscal Monitoring Agreed-Upon Procedures
For the Period March 28, 2022, to December 31, 2024
Schedule of Amounts Budgeted, Claimed, Tested, Disallowed, and Questioned

Contracts	Approved Budget	Total Claimed Amount	Amount Tested
COVID-19 Related Business Support Services ER7-2022-01	$2,890,000.00	2,753,623.76	484,029.54
American Rescue Plan Act (ARPA Grant) ER1-2022-17	$50,000.00	50,000.00	50,000.00
Total Expense	**$2,940,000.00**	**2,803,623.76**	**534,029.54**

County of Sacramento
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Findings and Recommendations
For the Period March 28, 2022, to December 31, 2024

1. Financial Statements and Audit Reports Review

a. Audit Report Submission Timing

Criteria

Per the Agreement section XXXIII (B), "If SUBRECIPIENT [Sacramento Asian Pacific Chamber of Commerce (SAPCC)] *expends seven hundred fifty thousand dollars ($750,000) or more in federal awards during its fiscal year, the SUBRECIPIENT must have a single audit completed and conducted in accordance with 2 CFR § 200.514..."*

Per the Agreement section XXXIII (F), "SUBRECIPIENT (SAPCC) *shall provide to COUNTY a copy of the Audit or Review, as required in this section, due six months following the end of SUBRECIPIENT'S fiscal year…"*

Per the Agreement section XXXIII (G), "SUBRECIPIENT (SAPCC) *may request an extension of the due date for the Audit or Review in writing. Such request shall include the reason for the delay, a specific date for the extension..."*

Per the Agreement section XXXIII (H), "COUNTY may withhold payments due to SUBRECIPIENT (SAPCC) *from all past, current and future contracts when past, current or future audits/reviews are not provided to COUNTY by due date or approved extended due date."*

Per 2 Code of Federal Regulations (CFR) 200.512(a) 1, "The (Single) audit, the data collection form, and the reporting package must be submitted within 30 calendar days after the auditee receives the auditor's report(s) or nine months after the end of the audit period (whichever is earlier) ….."

Condition

During our review of SAPCC's audit reports, we noted that SAPCC did not submit the required fiscal years 2023 and 2024 audited financial statements and Single Audit reports in accordance with the timeframes specified in the Agreements and 2 CFR.

- SAPCC's Financial Audit and Single Audit for the fiscal year ended December 31, 2023, were due to the County by June 30, 2024 per the Agreements. The 2023 Single Audit report was due to the Federal Audit Clearinghouse by September 30, 2024, per 2 CFR 200.512. On July 22, 2025, more than a year past-due, SAPCC requested an extension from the Office of Economic Development (OED) for submitting the required 2023 audit reports by September 30, 2025. However, SAPCC still submitted its 2023 financial audit and Single Audit reports after that extension on November 26, 2025.

- SAPCC's Financial Audit and Single Audit for the fiscal year ended December 31, 2024, were due to the County by June 30, 2025, per the

Agreements. On July 22, 2025, SAPCC requested an extension from OED for submitting the required 2024 audit reports by September 30, 2025. The 2024 Single Audit report was also due to the Federal Audit Clearinghouse by September 30, 2025, per 2 CFR 200.512. On April 10, 2026, SAPCC submitted its financial audit and Single Audit report for the year ended December 31, 2024.

<u>Cause</u>

It appears that SAPCC did not have adequate internal controls over compliance with audit submission requirements.

<u>Effect</u>

SAPCC did not comply with the Agreements and 2 CFR 200 audit report requirements.

The late audit submissions prevented OED from reviewing SAPCC's financial condition and compliance timely, reduced the County's overall ability to rely on audited financial and compliance reports for monitoring purposes, and increased potential financial and compliance risks that were not identified on a timely basis.

SAPCC may be subject to payment withholding by the County in accordance with Agreement Section XXXIII (H) and could face impacts on eligibility for future funding.

<u>Recommendation</u>

SAPCC should implement stronger internal controls and monitoring procedures to ensure timely completion and submission of current and future required audit reports. SAPCC should also establish accountability measures and designate responsible personnel to oversee audit compliance in accordance with contractual and federal requirements.

<u>OED Management Response</u>

OED acknowledges and concurs with these findings. OED does not currently have any active contracts with SAPCC. Prior to any future County-funded contractual relationship, SAPCC should complete recommendations identified in this report and provide documentation to the County demonstrating that the findings and associated issues have been adequately resolved.

b. Audit Report Findings and Issues

<u>Criteria</u>

Per the Agreements, "Should any findings be noted in the audit report, CONTRACTOR (SAPCC) *must submit an action plan with the audit report detailing how the finding will be addressed. Federal regulations require all findings to be corrected within six months after receipt of the audit report."*

County of Sacramento
Office of Economic Development
Sacramento Asian Pacific Chamber of Commerce
Fiscal Monitoring Agreed-Upon Procedures
Findings and Recommendations
For the Period March 28, 2022, to December 31, 2024

Per 2 CFR 200.511 Audit findings follow-up*, (a) General, "The auditee* (SAPCC*) is responsible for follow-up and corrective action on all audit findings…."*

Condition

SAPCC's Single Audit report for the year ended December 31, 2023, identified OED's Agreement ER7-2022-11 as one of SAPCC's major programs. The 2023 Single Audit reported the following four (4) findings, and all were related to OED's Agreement ER7-2022-11 and programs for another government agency.

2023-0001	Material Weakness: Untimely Audit Submission as required by 2 CFR 200.
2023-0002	Material Weakness: Schedule of Expenditures of Federal Awards in the Single Audit report required revision.
2023-0003	Material Weakness: Grant Claim Support. SAPCC's expenditure detail for the grant funded projects did not support the amounts billed to the County of Sacramento and another government agency. The amounts billed were more than the general ledger detail supported.
2023-0004	Significant Deficiency: Payroll Allocations for amounts billed to the County of Sacramento and another government agency were calculated manually instead of using entity-wide timesheets.

SAPCC's Single Audit report for the year ended December 31, 2024, identified OED's Agreement ER7-2022-11 as SAPCC's major program. The 2024 Single Audit report had one repeated prior finding for late Single Audit submission, but stated that SAPCC has resolved findings 2023-0002, 2023-0003, and 2023-0004 from the 2023 Single Audit.

Cause

SAPCC did not maintain adequate internal controls to ensure accurate financial reporting and compliance with program requirements.

Effect

The 2023 and 2024 Single Audit reports indicated that SAPCC did not comply with 2 CFR Single Audit reporting requirement. In addition, the 2023 findings indicated that SAPCC had insufficient internal controls over financial management, which could result in misstatements in SAPCC' financial statements, non-compliance with program requirements outlined in the Agreements and 2 CFR and over claiming that may not be prevented or detected and corrected in a timely manner.

Recommendation

OED should follow up with SAPCC with the status of implementation of 2023 and 2024 Single Audit recommendations in accordance with 2 CFR 200.332 as listed below.

- OED should ensure that SAPCC takes corrective action on all significant developments that negatively affect the OED programs.
- OED should resolve findings with SAPCC.

OED should consider SAPCC' audits, corrective actions and responses in its risk assessment prior to any future OED program funding.

SAPCC should:

- Strengthen internal controls over financial reporting.
- Review and update procurement policies to align with federal requirements.
- Conduct regular training and monitoring to ensure compliance across all federally funded programs.

OED Management Response

See OED Management Response at Finding Section 1a.

2. General Ledger Review

Criteria

Per the Agreement, Exhibit E under point 1. of section FOR ALL ARPA FUNDED CONTRACTS, *"The Contractor (SAPCC) agrees to provide the County of Sacramento, the primary SUBRECIPIENT of the federal funding, if any, the Federal Awarding Agency, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts, and transcriptions."*

Per 2 CFR §200.302 part (a) *"…All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award."*

Part (b) noted *"The recipient's and subrecipient's financial management system must provide for the following… (1) Identification of all Federal awards received and expended and the Federal programs under which they were received,,, (5) Comparison of expenditures with budget amounts for each Federal award.*

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Fiscal Monitoring Agreed-Upon Procedures
Findings and Recommendations
For the Period March 28, 2022, to December 31, 2024

Condition

SAPCC did not reconcile claimed expenses to the General Ledger (GL) prior to and during our fieldwork. For Agreement ER7-2022-01, we found:

- The total invoice claim did not match the total GL expense.
- Claimed indirect costs were missing from GL.
- Several claimed management costs were not traceable to the GL.

After our fieldwork, SAPCC recorded the indirect costs and reconciled GL with the claimed expenses.

Cause

SAPCC did not have adequate internal controls over maintaining sufficient supporting documentation for the submitted claims by reconciling the claimed expenses to the GL for the County contract.

Effect

Failure to reconcile claimed expenses with GL could result in non-compliance with the Agreements' requirements and 2 CFR 200. This oversight also heightens the risk of inaccuracies and errors in the preparation of claims

Recommendation

We recommend that SAPCC enhance its financial tracking and reporting processes to ensure all claimed costs, including indirect costs, are recorded in GL and reconciled with the submitted claims for the County contract.

OED Management Response

See OED Management Response at Finding Section 1a.