

COUNTY ADMINISTRATOR'S OFFICE

BIRGITTA E. CORSELLO
COUNTY ADMINISTRATOR
COUNTY OF SOLANO



COUNTY ADMINISTRATOR'S OFFICE
675 TEXAS STREET, SUITE 6500
FAIRFIELD, CALIFORNIA 94533-6342
(707) 784-6100
FAX (707) 784-7975
www.solanocounty.com

Memorandum

March 23, 2015

To: PJ Davis CAP Solano Inc. as prior administrator to the CAP Solano (JPA)

From: Birgitta Corsello, County Administrator *Bec*
Simona Padilla, Auditor Controller *SPS*

Reference: Remaining cash deficit of \$129,247 created by Housing and Urban Development (HUD) and Community Service Block Grant (CSBG) contract management along with incomplete record keeping and untimely claims processing.

A cash deficit remains in the CAP Solano JPA Fund 173 that has yet to be resolved pursuant to the Memorandum of Understanding (MOU) between Solano County and the CAP Solano JPA. Pursuant to the MOU between the CAP Solano JPA and CAP Solano Inc. (non-profit) the CAP Solano Inc. is the responsible party.

Background:

In the spring 2012, the Auditor-Controller's Office (ACO) informed Health and Social Services (H&SS) that the CAP Solano JPA operating fund was in a serious cash deficit. Staff from the Auditor's Office met with PJ Davis, the Executive Director of CAP Solano Non-Profit, as staff of the JPA, to inform her of the \$700,000 cash deficit balance. A portion of the deficit was related to the County's HUD grants being administered through the CAP Solano JPA staff. In addition, Health and Social Services (H&SS) had to undertake the task of reconciling the cash deficit by dedicating H&SS staff to initiate an intensive review and audit of all HUD contracts and account receivables in the CAP Solano JPA fund. H&SS staff worked with HUD to follow up on prior year claims, and to recover eligible cost from all outstanding or unfiled HUD invoices.

- On January 16, 2013, the JPA Board was informed of the \$749,675 cash deficit and approved Resolution number 2013-01 authorizing a repayment plan to the County by 2019.
- As of April 2014, H&SS Staff was able to recover all but \$102,178 of eligible HUD costs; however, there is an additional \$200,000 of cash advances in excess of authorized State CSBG funds that overdrawed the account for a total outstanding negative cash balance of \$323,267.

- On June 24, 2014 the Board of Supervisors took action to reconcile the Solano County HUD sub-recipients contracts and wrote off \$102,178 bringing the outstanding negative cash balance to \$221,089
- The payment of \$86,975 under the MOU for FY2013/14 was credited to the cash deficit along with \$6,000 for Homeless Management Information Services leaving the remaining cash deficit balance including interest of \$129,247.
- ACO and H&SS staffs have met numerous times with CAP Solano Inc. as staff to the JPA to resolve the financing issues. As a result, the CAO and ACO officially requested the CAP Solano Inc. repay the remaining cash deficit of \$129,247.

Request for the immediate repayment:

The failure of CAP Solano Inc. as staff to the JPA to properly track and account for cash draws and process accurate timely the HUD and CSBG claims represents a financial risk to the County. Given the amount owed is \$129,247 the County Administrators Office and the Auditor Controllers Office on behalf of the CAP Solano JPA is requesting the immediate payment of the remaining deficit from Cap Solano Inc. the fiscal and administrative agent under the MOU for the period during which the cash draws were taken.

In conclusion, the Board of Supervisors and staff remain concerned about the homeless issues throughout the County. The CAP Solano JPA was created as a means to bring local government together to focus on this area and assist with the coordination of resources to serve this population. We would appreciate your cooperation and timely response.