

County of Solano, California



FINAL AUDIT OF THE
State of California-Health and Human Services Agency
Department of Community Services and Development
Community Services Block Grant Agreement No. 14F-3045
Community Services Block Grant Agreement No. 13F-3113

Administered by:
Community Action Partnership of Solano, Incorporated

Independent Auditor's Report
For the period June 1, 2013 through December 31, 2014

Prepared by: Office of the Auditor-Controller
Auditor-Controller: Simona Padilla-Scholtens, CPA
Assistant Auditor-Controller: Phyllis Taynton, CPA
Deputy Auditor-Controller: Kirk Starkey
Auditor: Melinda S. Ingram, CPA

Department of Community Services and Development
Community Services Block Grant Agreement No. 14F-3045
For the period January 1, 2014 through December 31, 2014
Community Services Block Grant Agreement No. 13F-3113
For the period June 1, 2013 through November 30, 2014

Table of Contents

	Page
Board of Directors	1
Independent Auditor's Report.....	3
 <u>Program Statements</u>	
Statement of Program Revenues and Expenses-Agreement No.14F-3045	6
Statement of Program Revenues and Expenses-Agreement No.13F-3113	7
Supplemental Statement of Program Revenues and Expenditures- Agreement No.14F-3045	8
Supplemental Statement of Program Revenues and Expenditures- Agreement No.13F-3113	9
Notes to the Statements of Program Revenues and Expenses	10
 <u>Supplemental Information</u>	
Schedule of Reported Costs to Eligible Project Revenue & Costs- Agreement No.14F-3045	13
Schedule of Eligible Costs - Budget to Actual-Agreement No.14F-3045.....	14
Schedule of Costs Claimed to Eligible/Ineligible Costs-Agreement No.14F-3045	15
Schedule of Reported Costs to Eligible Project Revenue & Costs- Agreement No.13F-3113	16
Schedule of Eligible Costs - Budget to Actual -Agreement No.13F-3113.....	17
Schedule of Costs Claimed to Eligible/Ineligible Costs -Agreement No.13F-3113	18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	19

**Department of Community Services and Development
Community Services Block Grant Agreement No. 14F-3045
For the period January 1, 2014 through December 31, 2014
Community Services Block Grant Agreement No. 13F-3113
For the period June 1, 2013 through November 30, 2014**

**Community Action Partnership, JPA
Board of Directors***

Kathy Lawton-Caesar, Chair
City of Suisun City

Emily Cantu, Vice-Chair
City of Vacaville

Issac George
City of Rio Vista

Anne Putney, Secretary
City of Vallejo

Dawn La Bar
City of Fairfield

Kristin Kamm
City of Benicia

Vacant
Solano County

* CAP Solano, JPA as of March 7, 2017

**Community Action Partnership, Inc.
Program Administrators ****

P.J. Davis, Executive Director

Kari Rader, Program Director/Fiscal Manager

** During the terms of the agreements

(This page intentionally left blank)

OFFICE OF THE AUDITOR-CONTROLLER

SIMONA PADILLA-SCHOLTENS, CPA
Auditor-Controller

PHYLLIS TAYNTON, CPA
Assistant Auditor-Controller



SOLANO COUNTY

675 Texas Street, Suite 2800
Fairfield, CA 94533-6338
(707) 784-6280
Fax (707) 784-3553

www.solanocounty.com

Independent Auditor's Report

Board of Directors
Community Action Partnership of Solano, Joint Powers Authority
Fairfield, California

Report on the Program Statements

We have audited the accompanying Statements of Program Revenues and Expenses of the Community Action Partnership of Solano, Inc. including supplemental statements, in accordance with the *State of California Department of Community Services and Development Agreement No. 14F-3045 and Agreement No. 13F-3113*, for the period January 1, 2014 through December 31, 2014 and for the period June 1, 2013 through November 30, 2014, respectively.

Management's Responsibility for the Program Statements

Management is responsible for the preparation and fair presentation of these statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the program statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these program statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the *California Department of Community Services and Development Agreement No. 14F-3045 and 13F-3113* and *Supplemental Audit Guide*, dated July 17, 2012, issued by the California Department of Community Services and Development Audit Services Unit. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the program statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the program statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the program statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the agency's

preparation and fair presentation of the program statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the program statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the program statements referred to above presents fairly, in all material respects, the program revenues and expenses of the Community Action Partnership of Solano, Inc. in accordance with the *California Department of Community Services and Development Agreement No. 14F-3045 and 13F-3113* for the period January 1, 2014 through December 31, 2014 and for the period June 1, 2013 through November 30, 2014, respectively, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

Community Action Partnership of Solano, Inc. discontinued providing services on March 31, 2015 and formally dissolved the organization effective June 30, 2015, as discussed in Note 7 to the program statements. The key reason(s) for the dissolution were not readily available. Our opinion is not modified with respect to this matter.

Other Information

In connection with the audit contained herein, there are certain independence disclosures necessary pursuant to *Generally Accepted Auditing Standards*. As required by various statutes in the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities may impair an auditor's independence. Although the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts, or funds within the County treasury, we believe the following safeguards and divisions of responsibility exists:

- The Internal Audit Division has the responsibility to perform audits and has no other responsibility for the accounts and records being audited including the approval or posting of financial transactions that would preclude the user of this report from relying on the information contained therein.
- In addition, the Auditor-Controller is an independent elected official and does not engage in management decisions on behalf of the audited entity.

Report Presentation

Our audit was conducted for the purpose of forming an opinion on the program statements based on the audit requirements of the *California Department of Community Services and Development Agreement No. 14F-3045 and 13F-3113*, as described in Note 1, and is not intended to be a complete presentation of the Community Action Partnership of Solano, Inc.'s revenues and expenses.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2017 on our consideration of the agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Community Action Partnership of Solano, Inc.'s internal control over financial reporting and compliance.


Simona Padilla-Scholtens, CPA
Auditor-Controller

Fairfield, California
March 30, 2017

Community Action Partnership of Solano, Inc.
Statement of Program Revenue and Expenses
CSD Contract No. 14F-3045
For the period January 1, 2014 through December 31, 2014

Revenue:

Grant revenue	\$ 334,501
Total revenues	<u>\$ 334,501</u>

Expenses:

Administrative:

Salaries and wages	15,479
Fringe benefits	2,786
Operating expenses	21,314
Total administrative expenses	<u>39,579</u>

Program:

Salaries and wages	131,382
Fringe benefits	23,649
Operating expenses	43,441
Out-of state travel	1,352
Subcontractor/consultant services	28,973
Total program expenses	<u>228,797</u>

Total expenses	<u>\$ 268,376</u>
----------------	-------------------

Revenues over expenses	<u><u>\$ 66,125</u></u>
-------------------------------	-------------------------

The accompanying notes are an integral part of this program statement.

Community Action Partnership of Solano, Inc.
Statement of Program Revenue and Expenses
CSD Contract No. 13F-3113
For the period June 1, 2013 through November 30, 2014

Revenue:

Grant revenue	\$	86,297
Total revenues	\$	<u>86,297</u>

Expenses:

Administrative:

Salaries and wages		5,719
Fringe benefits		<u>1,029</u>
Total administrative expenses		6,748

Program:

Other costs-client assistance		<u>74,836</u>
Total program expenses		74,836

Total expenses	\$	<u>81,584</u>
----------------	----	---------------

Revenues over expenses	\$	<u><u>4,713</u></u>
-------------------------------	----	---------------------

The accompanying notes are an integral part of this program statement.

COMMUNITY ACTION PARTNERSHIP OF SOLANO, INC.
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 14F-3045
FOR THE PERIOD JAN. 1, 2014 THROUGH DEC. 31, 2014

	1-Jan-14 through 30-Jun-14	1-Jul-14 through 31-Dec-14	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$178,084	\$156,417	\$334,501		\$357,591
Total Revenue:	\$178,084	\$156,417	\$334,501		\$357,591
EXPENDITURES					
Administrative Costs					
Salaries & Wages	\$8,194	\$7,285	\$15,479	\$19,604	\$19,604
Fringe benefits	\$1,475	\$1,311	\$2,786	\$3,529	\$3,529
Operating Expenses	\$13,025	\$8,289	\$21,314	\$30,000	\$30,000
Total Administrative Costs:	\$22,694	\$16,885	\$39,579	\$53,133	\$53,133
Program Costs					
Salaries & Wages	\$77,555	\$53,827	\$131,382	\$168,312	\$176,830
Fringe benefits	\$13,960	\$9,689	\$23,649	\$29,700	\$29,700
Operating Expenses	\$22,986	\$20,455	\$43,441	\$49,350	\$49,350
Out-of-State Travel	\$1,352	\$0	\$1,352	\$0	\$3,149
Subcontractor/Consultant Services	\$25,240	\$3,733	\$28,973	\$28,973	\$28,973
Other Costs	\$0	\$0	\$0	\$5,033	\$16,456
Total Program Costs	\$141,093	\$87,704	\$228,797	\$281,368	\$304,458
Total Expenses:	\$163,787	\$104,589	\$268,376	\$334,501	\$357,591

COMMUNITY ACTION PARTNERSHIP OF SOLANO, INC.
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 13F-3113
FOR THE PERIOD JUN. 1, 2013 THROUGH NOV. 30, 2014

	1-Jun-13 through 30-Jun-13	1-Jul-13 through 30-Jun-14	1-Jul-14 through 30-Nov-14	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE						
Grant Revenue	\$0	\$54,414	\$31,883	\$86,297		\$100,000
Total Revenue:	\$0	\$54,414	\$31,883	\$86,297		\$100,000
EXPENDITURES						
Administrative Costs						
Salaries & Wages	-	3,619	2,100	5,719	\$8,840	\$8,840
Fringe benefits	-	651	378	1,029	1,591	1,591
Total Administrative Costs:	-	4,270	2,478	6,748	10,431	10,431
Program Costs						
Other Costs	-	32,445	42,391	74,836	75,866	89,569
Total Program Costs	-	32,445	42,391	74,836	75,866	89,569
Total Expenses: \$	\$ -	\$ 36,715	\$ 44,869	\$81,584	\$86,297	\$100,000

Community Action Partnership of Solano, Inc.
Notes to the Statement of Program Revenues and Expenses
Community Services Block Grant Agreement No. 14F-3045
For the period January 1, 2014 through December 31, 2014
Community Services Block Grant Agreement No. 13F-3113
For the period June 1, 2013 through November 30, 2014

1. Reporting Entity

Community Action Partnership of Solano, Inc. (CAP Solano, Inc.) was organized on July 1, 2009 as a 501-C-3 nonprofit organization. CAP Solano, Inc. provided administrative and program assistance to the Community Action Partnership of Solano, Joint Powers Authority (CAP Solano JPA), a consortium representing the six Solano County cities and Solano County. CAP Solano JPA is overseen by a seven-member Board of Directors. The CAP Solano JPA serves as the Community Action Agency for Solano County, which among other responsibilities is tasked with oversight and coordination of homeless and safety net services to the residents of Solano County, to serve as the conduit for various types of safety net funding support and administering such funds.

2. Description of Community Services Block Grant Program Funding

The Community Services Block Grant Program (CSBG) is intended to revitalize low-income communities, reduce poverty, and empower low-income households through state funded grants administered at the local level. CSBG is implemented locally through a network of community action agencies and other neighborhood-based organizations under the principle of community self-help. The program activities and services delivered focused on working to move low-income people out of poverty and/or homelessness through partnerships with public and private organizations in Solano County, administering grants and contracts, providing capacity-building, training, oversight and coordination of services, and promoting community action at local, state, and national levels, resulting in stronger communities.

3. Contracting Agency/Grant Awards

CAP Solano, Inc. was selected by the JPA governing board to be the contracting agency with the State of California Department of Community Services and Development. CAP Solano, Inc. was awarded two Community Services Block Grants (CSBG) through the CSBG Program.

- i. CAP Solano, Inc. and the California Department of Community Services and Development entered into *2013 CSBG Targeted Initiatives and Innovative Projects Discretionary Contract Agreement No. 13F-3113*. The initial term of the agreement was June 1, 2013 through May 31, 2014. Contract Amendment Number 1 revised the term to June 1, 2013 through November 30, 2014. Per the agreement, the State will fund a maximum amount of \$100,000.
- ii. CAP Solano, Inc. and the California Department of Community Services and Development entered into *CSBG Agreement No. 14F-3045*. The term of the agreement was January 1, 2014 through December 31, 2014. Per the agreement, the State will fund a maximum amount of \$109,091. Contract Amendment Number 1 increased the total

amount to \$197,557. Contract Amendment Number 2 increased the total amount to \$357,591.

4. Basis of Accounting and Grant Financial Statement Presentation

The agency's financial information is reported using the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Program Revenues and Expenses and Supplemental Schedules are prepared in accordance with the generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) as well the *Supplemental Audit Guide*, dated July 17, 2012, issued by the California Department of Community Services and Development Audit Services Unit. They present the project revenues and expenses, reported costs to eligible project costs by budget category, contract budget to eligible costs by budget category, and total costs claimed to eligible/ineligible costs by budget category.

5. Summary of Budget Line Items

Administrative Costs: Administrative costs consist of expenses directly related to functions that do not directly support a specific program or service. Administrative costs relate to the general management of the agency such as executive director functions, accounting, budgeting, personnel and legal services.

- a. **Salaries and Wages** – Includes all costs for permanent and temporary staff supporting the CSBG contract, including regular and overtime pay. Administrative positions may include executive director, accounting, personnel, or positions that directly relate to management of the CSBG contract.
- b. **Fringe benefits** – Includes costs in accordance with approved payroll benefit programs. This includes retirement/pension plans and various other forms of insurances related to employee compensation such as disability, life, health and unemployment, workers' compensation, as well as sick leave and accrued vacation.
- c. **Operating Expenses** – Includes rent, dues and memberships, meetings, local travel, office equipment, utilities, conferences, supplies, workshops, insurance, audit, other general operating office needs.

Program Costs: Program costs relate directly to the operation of the program services or activities intended to achieve the program goal(s). Direct program costs include items such as salaries and benefits of program staff, equipment, training, conferences and subcontractor services needed to meet the program goal(s).

- a. **Salaries and Wages** – Includes all costs for permanent and temporary staff supporting the CSBG contract, including regular and overtime pay. Program positions may include program staff and managers or positions related to the direct program services or activities.

- b. Fringe benefits – Includes costs in accordance with approved payroll benefit programs. This includes retirement/pension plans and various other forms of insurances related to employee compensation such as disability, life, health and unemployment, workers' compensation, as well as sick leave and accrued vacation.
- c. Operating Expenses – Include the cost related to carrying out an organization's day-to-day activities such as (but not limited to) special workshops and training session material, program support for various activities and events sponsored in whole or in part by CAP Solano, Inc., etc.
- d. Out of State Travel- Out of state travel includes expenses incurred specifically to carry out the award. Travel expenses for transportation, lodging, subsistence and related items incurred by staff traveling on official business for the agency.
- e. Subcontractor/Consultant Services- An agreement with a subcontractor who has the ability to perform part of all of the program services or activities directly related to meeting the program goals. An agreement with a consultant, considered to be a professional or subject matter expert who provides a specific program related service or activity to meet the program goals.
- f. Other Costs- Program direct expenses to clients such as: utility assistance; rent assistance; costs related to obtaining and/or maintaining permanent housing.

6. Administrative Expenses

Based on *Exhibit B-Budget Detail and Payment Provisions, Item 2-Budget, C- Administrative Expenses*, the contractor shall use funds allocated under this Agreement in an amount not to exceed twelve percent (12%) of the total operating funds of its community action program(s).

CAP Solano, Inc. was in compliance with this requirement spending approximately 8% and 9% in administrative expenses out of the total operating funds under each grant agreement (13F-2113 and 14F-3045, respectively).

7. Subsequent Events

The Board of Directors of CAP Solano, Inc. voted to formally dissolve the nonprofit organization effective June 30, 2015. CAP Solano, Inc. discontinued providing services as of March 31, 2015. All remaining assets of the organization have been disbursed according to the Articles of Incorporation. Services provided by CAP Solano, Inc. have been transitioned to the Community Action Agency for Solano County, Community Action Partnership of Solano, Joint Powers Authority.

Community Action Partnership of Solano, Inc.
CSD Contract No. 14F-3045
Schedule of Reported Costs to Eligible Project Revenue & Costs
For the period January 1, 2014 through December 31, 2014

	<u>Reported Costs</u>	<u>Eligible Costs</u>	<u>Percent of Reported Costs Eligible</u>	<u>Ineligible Costs</u>	<u>Percent of Reported Costs Ineligible</u>
State financing:					
Grant revenue	\$ 334,501	\$ 268,376	80%	\$ 66,125	20%
Total State funds	<u>\$ 334,501</u>	<u>\$ 268,376</u>	<u>80%</u>	<u>\$ 66,125</u>	<u>20%</u>
Administrative costs:					
Salaries and wages	\$ 19,604	\$ 15,479	79%	\$ 4,125	21%
Fringe benefits	3,529	2,786	79%	743	21%
Operating expenses	30,000	21,314	71%	8,686	29%
Total administrative costs	<u>\$ 53,133</u>	<u>\$ 39,579</u>	<u>74%</u>	<u>\$ 13,554</u>	<u>26%</u>
Program costs:					
Salaries and wages	\$ 168,312	\$ 131,382	78%	\$ 36,930	22%
Fringe benefits	29,700	23,649	80%	6,051	20%
Operating expenses	49,350	43,441	88%	5,909	12%
Out-of state travel	-	1,352	0%	(1,352)	0%
Subcontractor/consultant services	28,973	28,973	100%	-	0%
Other costs-client assistance	5,033	-	0%	5,033	100%
Total program costs	<u>\$ 281,368</u>	<u>\$ 228,797</u>	<u>81%</u>	<u>\$ 52,571</u>	<u>19%</u>
Total costs	<u><u>\$ 334,501</u></u>	<u><u>\$ 268,376</u></u>	<u><u>80%</u></u>	<u><u>\$ 66,125</u></u>	<u><u>20%</u></u>

Community Action Partnership of Solano, Inc.
CSD Contract No. 14F-3045
Schedule of Eligible Costs - Budget to Actual
For the period January 1, 2014 through December 31, 2014

	<u>State Agreement Budget</u>	<u>Eligible Costs (Actual)</u>	<u>Actual to Budget (Over)/Under</u>
<u>Category/Classification</u>			
Administrative Costs:			
Salaries and wages	\$ 19,604	\$ 15,479	\$ 4,125
Fringe benefits	3,529	2,786	743
Operating expenses	30,000	21,314	8,686
Total administrative costs	<u>53,133</u>	<u>39,579</u>	<u>13,554</u>
Program Costs:			
Salaries and wages	176,830	131,382	45,448
Fringe benefits	29,700	23,649	6,051
Operating expenses	49,350	43,441	5,909
Out-of state travel	3,149	1,352	1,797
Subcontractor/consultant services	28,973	28,973	-
Other costs-client assistance	16,456	-	16,456
Total program costs	<u>304,458</u>	<u>228,797</u>	<u>75,661</u>
Total Costs	<u><u>\$ 357,591</u></u>	<u><u>\$ 268,376</u></u>	<u><u>\$ 89,215</u></u>

Community Action Partnership of Solano, Inc.
CSD Contract No. 14F-3045
Schedule of Total Costs Claimed to Eligible/Ineligible Costs
For the period June 1, 2013 through November 30, 2014

	<u>Total Costs Claimed</u>	<u>Total Eligible Costs</u>	<u>Ineligible Costs</u>
<u>Category/Classification</u>			
Administrative:			
Salaries and wages	\$ 19,604	\$ 15,479	\$ 4,125
Fringe benefits	3,529	2,786	743
Operating expenses	30,000	21,314	8,686
Program:			
Salaries and wages	168,312	131,382	36,930
Fringe benefits	29,700	23,649	6,051
Operating expenses	49,350	43,441	5,909
Out-of state travel	-	1,352	(1,352)
Subcontractor/consultant services	28,973	28,973	-
Other costs-client assistance	5,033	-	5,033
Total Costs	\$ 334,501	\$ 268,376	\$ 66,125

Community Action Partnership of Solano, Inc.
CSD Contract No. 13F-3113
Schedule of Reported Costs to Eligible Project Revenue & Costs
For the period June 1, 2013 through November 30, 2014

	<u>Reported Costs</u>	<u>Eligible Costs</u>	<u>Percent of Reported Costs Eligible</u>	<u>Ineligible Costs</u>	<u>Percent of Reported Costs Ineligible</u>
State financing:					
Grant revenue	\$ 86,297	\$ 81,584	95%	\$ 4,713	5%
Total State funds	<u>\$ 86,297</u>	<u>\$ 81,584</u>	<u>95%</u>	<u>\$ 4,713</u>	<u>5%</u>
Administrative costs:					
Salaries and wages	\$ 8,840	\$ 5,719	65%	\$ 3,121	35%
Fringe benefits	1,591	1,029	65%	562	35%
Total administrative costs	<u>\$ 10,431</u>	<u>\$ 6,748</u>	<u>65%</u>	<u>\$ 3,683</u>	<u>35%</u>
Program costs:					
Other costs-client assistance	\$ 75,866	\$ 74,836	99%	\$ 1,030	1%
Total program costs	<u>\$ 75,866</u>	<u>\$ 74,836</u>	<u>99%</u>	<u>\$ 1,030</u>	<u>1%</u>
Total costs	<u><u>\$ 86,297</u></u>	<u><u>\$ 81,584</u></u>	<u><u>95%</u></u>	<u><u>\$ 4,713</u></u>	<u><u>5%</u></u>

Community Action Partnership of Solano, Inc.
CSD Contract No. 13F-3113
Schedule of Eligible Costs - Budget to Actual
For the period June 1, 2013 through November 30, 2014

	<u>State Agreement Budget</u>	<u>Eligible Costs (Actual)</u>	<u>Actual to Budget (Over)/Under</u>
<u>Category/Classification</u>			
Administrative Costs:			
Salaries and wages	\$ 8,840	\$ 5,719	\$ 3,121
Fringe benefits	1,591	1,029	562
Total administrative costs	<u>10,431</u>	<u>6,748</u>	<u>3,683</u>
Program Costs:			
Other costs-client assistance	89,569	74,836	14,733
Total program costs	<u>89,569</u>	<u>74,836</u>	<u>14,733</u>
	<u>\$ 100,000</u>	<u>\$ 81,584</u>	<u>\$ 18,416</u>
Total Costs			

Community Action Partnership of Solano, Inc.
CSD Contract No. 13F-3113
Schedule of Total Costs Claimed to Eligible/Ineligible Costs
For the period June 1, 2013 through November 30, 2014

	<u>Total Costs Claimed</u>	<u>Total Eligible Costs</u>	<u>Ineligible Costs</u>
<u>Category/Classification</u>			
Administrative:			
Salaries and wages	\$ 8,840	\$ 5,719	\$ 3,121
Fringe benefits	1,591	1,029	562
Program:			-
Other costs-client assistance	<u>75,866</u>	<u>74,836</u>	<u>1,030</u>
Total Costs	<u><u>\$ 86,297</u></u>	<u><u>\$ 81,584</u></u>	<u><u>\$ 4,713</u></u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENT PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of Directors
Community Action Partnership of Solano, Joint Powers Authority
Fairfield, California

We have audited the Community Action Partnership of Solano, Inc.'s (CAP Solano, Inc.) Statements of Program Revenues and Expenses in accordance with the *State of California Department of Community Services and Development Agreement No. 13F-3113*, for the period of June 1, 2013 through November 30, 2014 and *Agreement No. 14F-3045*, for the period of January 1, 2014 through December 31, 2014, and have issued our report thereon dated March 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Supplemental Audit Guide* issued by the State of California Department of Community Services and Development Audit Services Unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the program statements, we considered CAP Solano, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the program financial statements, but not for the purpose of expressing an opinion on the effectiveness of CAP Solano, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of CAP Solano, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CAP Solano Inc.'s program financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did however identify a deficiency in internal control that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAP Solano Inc.'s program financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of program financial statement amounts. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses.

CAP Solano, JPA's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Community Action Partnership of Solano, JPA, the Solano County Board of Supervisors, the management of Solano County, and the State of California Department of Community Services and Development, and 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.



Simona Padilla-Scholtens, CPA
Auditor-Controller

Fairfield, California

March 30, 2017

Schedule of Findings and Responses

Significant Deficiency:

1. Lack of Required Documentation to Support Reported Costs

CAP Solano, Inc. was unable to provide required documentation to support certain amounts reported to the Department of Community Services and Development.

Based on Exhibit C-General Terms and Conditions, 4. Audit:

Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records.

Management represents sufficient records were properly maintained for the two Community Services Block Grants expenses submitted to the State. Due to the dissolution of CAP Solano, Inc. all of the agency's records were stored in multiple locations (Vallejo Housing Authority, City of Vacaville, Solano County). However, it is unclear what occurred with CAP Solano records, as pertinent documentation was not available for claimed costs paid for the following grant awards:

Agreement 13F-3113 for the Period June 1, 2013-November 30, 2014

For the period June 1, 2013 through November 30, 2014 we deemed the following claimed costs ineligible:

Administrative Costs:

- Salaries and Wages in the amount of \$3,121.
- Fringe Benefits in the amount of \$562.

Program Costs:

- Other Costs/Client Assistance in the amount of \$1,030.

As a result of the foregoing, \$4,713 out of a total of \$86,297 (or approximately 5%) in costs claimed under Grant Award Agreement 13F-3113 appear ineligible for reimbursement from the State of California Department of Community Services and Development.

Agreement 14F-3045 for the Period January 1, 2014-December 31, 2014

For the period January 1, 2014 through December 31, 2014 we deemed the following claimed costs ineligible:

Administrative Costs:

- Salaries and wages in the amount of \$4,125.
- Fringe Benefits in the amount of \$743.
- Operating Expenses in the amount of \$8,686.

Program Costs:

- Salaries and Wages in the amount of \$36,930.
- Fringe Benefits in the amount of \$6,051.
- Operating Expenses in the amount of \$5,909.
- Other Costs-Client Assistance in the amount of \$5,033.

For the period January 1, 2014 through December 31, 2014 we deemed the following unclaimed costs eligible:

- Out-of-State Travel- Upon review of supporting documentation for out-of-state travel costs (travel to annual conference in Washington, DC for two staff of CAP Solano, Inc.) we were able to substantiate \$1,352 in costs not reported but deemed eligible.

As a result of the foregoing, \$66,125 out of a total of \$334,501 (or approximately 20%) in costs claimed under Grant Award Agreement 14F-3045 are ineligible for reimbursement from the State of California Department of Community Services and Development.

CAP Solano, JPA's Response:

After the dissolution of CAP Solano Inc. and subsequent change in staff, the Community Action Partnership (CAP) of Solano, Joint Powers Authority (JPA) was unable to locate all documentation as required by the Department of Community Services and Development (CSD). CAP Solano JPA has since implemented strict policies and procedures, including contracting with a governmental fiscal agent, to ensure all required documentation is maintained per the State CSD terms and conditions. As a result, CAP Solano JPA's 2015 CSD audit was concluded with no findings.

Compliance Deficiency:

1. Expenditure/Activity Reports Not Submitted Timely to the CSD

CAP Solano, Inc. did not timely submit monthly/bimonthly Expenditure/Activity Reports by the required due date(s) to the Department of Community Services and Development. Our review noted seven of the nine (or 78%) of Expenditure/Activity Reports for Grant Agreement 13F-3113 were received an average 25 days subsequent to the submission due date. Seven of twelve (or 58%) of Expenditure/Activity Reports for Grant Agreement 14F-3045 were received an average 14 days subsequent to the submission due date.

Per the terms and conditions of the *California Department of Community Services and Development Agreement No. 13F-3113, Exhibit B Payment and Reporting Requirements*, "Contractor shall complete and submit to the State a bimonthly Fiscal Expenditure Report/CSBG CAA Expenditure/Activity Report on or before the twentieth (20th) calendar day following the report period".

Per the terms and conditions of the *California Department of Community Services and Development Agreement No. 14F-3045, Exhibit B Payment and Reporting Requirements*, "Contractor shall complete and submit to the State a monthly Fiscal Expenditure Report/CSBG CAA Expenditure/Activity Report on or before the twentieth (20th) calendar day following the report period".

Insufficient management oversight resulted in the late submission of monthly expenditure/activity reports. This could jeopardize timely reimbursement from the State, since expenditures are incurred in advance of State reimbursement.

CAP Solano, JPA's Response:

The services provided by CAP Solano, Inc. included contracting directly with the State Department of Community Services and Development for administration of Community Services Block Grant funds subject to this audit. Since CAP Solano Inc. dissolved, the Community Action Agency for Solano County, Community Action Partnership of Solano, Joint Powers Authority (JPA) has contracted directly with CSD for Community Services Block Grant funds. The JPA works collaboratively with the State Department of Community Services and Development to ensure the Expenditure Activity Reports are submitted timely