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DIRECTOR

State of California-Health and Human Services Agency  
**DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**  
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EDMUND G. BROWN JR.  
GOVERNOR

May 30, 2017

RECEIVED  
JUN 01 2017

COUNTY AUDITOR

Kathy Lawton, Board Chair & Executive Director  
Community Action Partnership of Solano County  
701 Civic Center Blvd.  
Suisun City, CA 94585

Dear Ms. Lawton:

**Audit Transmittal Report TR 14-073 (7-Month Period Ended 12/31/14)**

The Department of Community Services and Development (CSD) has performed a desk review of an audit report submitted to this office by Community Action Partnership of Solano, or the auditor identified below. This review is conducted in accordance with the provisions of Office of Management and Budget (OMB) Title 2, Code of Federal Regulations (CFR), Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," Subpart F, Section §200.500 et seq.

**Auditor:** Solano County Office of the Auditor-Controller

**Audit Period:** 6/1/13 – 12/31/14

**Contract Numbers:** 13F-3113, and 14F-3045

**Report Date:** 3/30/17 **Date Received:** 5/12/17

Our review of the audit report is to ensure that applicable standards have been met and to determine if there are outstanding matters that must be resolved before the audit is closed. The assignment of the TR number, shown as the subject, enters the report into our follow-up system to ensure that all audit discrepancies are resolved.

Based on our review, we have the following comments and/or actions required:

### **Schedule of Findings and Questioned Costs**

The independent auditor noted two findings related to the Community Services Block Grant (CSBG) program.

#### **1. Lack of Required Documentation to Support Reported Costs**

##### **Condition:**

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

##### **Criteria:**

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 the 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.

##### **Cause:**

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 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:

##### **Effect:**

Two questioned costs related to lack of required documentation.

**Questioned Costs:**

**Contract Number: 13F-3113**

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 CSD.

**Contract Number: 14F-3045**

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 ineligible:

- 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 CSD.

**Action Required:**

1. Provide supporting documents to the County of Solano Auditor-Controller and submit corrected Supplemental Statements of Revenue and Expenditures, or
2. Remit payment of **\$70,838 (\$4,713 + 66,125)** to CSD **within 15 days from the date of this letter.**

**2. Expenditure/Activity Reports Not Submitted Timely to the CSD**

**Condition:**

CAP Solano, Inc. did not timely submit monthly/bimonthly Expenditure/Activity Reports by the required due date(s) to CSD. 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.

**Criteria:**

Per the terms and conditions of the CSD 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 (20<sup>th</sup>) calendar day following the report period."

Per the terms and conditions of the CSD Agreement No. 14F-3045, 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 (20<sup>th</sup>) calendar day following the report period."

**Cause:**

Insufficient management oversight resulted in the late submission of monthly expenditure/activity reports.

**Effect:**

This could jeopardize timely reimbursement from the State, since expenditures are incurred in advance of State reimbursement.

**Action Required:**

3. Please ensure the Joint Powers Authority (JPA) submit the Expenditure Activity Reports in a timely manner.

**Submission of Audit Reports**

CSD contracts (2014 and prior) required agencies who fell below the OMB Circular A-133 audit threshold (then \$500,000) submit a program-specific audit to CSD within nine months of the of the expiration of the contractor's fiscal year. **Community Action**

**Partnership of Solano (CAP Solano) should have submitted a program-specific audit for fiscal year ended June 30, 2014 no later than March 31, 2015.**

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) **2 CFR 200.501** requires non-Federal entities that expend \$750,000 or more in Federal awards in a fiscal year to have a single or program-specific audit conducted for that fiscal year. Guidance on determining Federal awards expended is provided in **2 CFR 200.502**. The dollar threshold was previously \$500,000 under OMB Circular A-133 for fiscal years beginning prior to December 26, 2014.

In addition, CSD contracts no longer require agencies that fall below this threshold to submit a program specific audit. However, CSD does reserve the right to audit any agency upon 30 days written notice.

**Action Required**

4. JPA will be required to undergo a single audit only if JPA spends \$750,000 or more in federal awards in a fiscal year.

If JPA expends less than \$750,000 in a fiscal year, it will be required to make records available for review or audit by the federal awarding agency, the pass-thru agency and the U.S. Government Accountability Office.

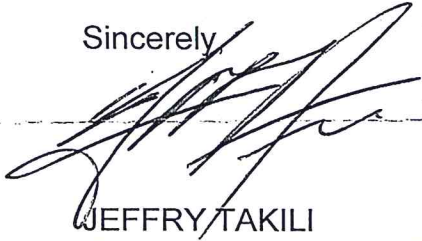
For all future, single audit reports **(only if JPA spends \$750,000 or more in federal awards in a fiscal year)**, please ensure JPA submits to CSD, one printed copy and one electronic copy of the required audit report(s) and any management letter(s) issued by the accountant, within the earlier of thirty calendar days after receipt of the auditor's report(s), or nine months after the end of JPA's fiscal year.

Kathy Lawton  
May 30, 2017

Please submit a written response indicating corrective actions taken to resolve the issue/finding and actions required in the transmittal letter within 15 days of this notice. If the agency has any questions or requires additional information, please contact me at (916) 576-5298 or [Jeffry.Takili@csd.ca.gov](mailto:Jeffry.Takili@csd.ca.gov).

Thank you for your dedication and commitment to serve low-income individuals and families throughout the state. I look forward to working in partnership with you to develop innovative and effective programs as well as strengthen our capacity to, not only improve the lives of those living in poverty, but to reduce poverty in California.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffry Takili', is written over a horizontal line.

JEFFRY TAKILI  
CSD Management Auditor  
Audit Services Unit

c: County of Solano Auditor-Controller  
Emily Cantu, Vice-Chair