

# **YOLO COUNTY HEALTH AND HUMAN SERVICES AGENCY**

Audit Report

## **PROPOSITION 47 SAFE NEIGHBORHOODS AND SCHOOLS FUND GRANTS PROGRAM**

*July 1, 2016, through June, 30, 2019*



**BETTY T. YEE**  
California State Controller

February 2020



**BETTY T. YEE**  
California State Controller

February 28, 2020

Sandra Sigrist, Director  
Adult and Aging Branch  
Yolo County Health and Human Services Agency  
137 N. Cottonwood Street  
Woodland, CA 95695

Dear Ms. Sigrist:

This is the final report for our audit of the Yolo County Health and Human Services Agency Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2016, through June 30, 2019.

If you have any question, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, by telephone at (916) 324-6310, or by email at [afinlayson@sco.ca.gov](mailto:afinlayson@sco.ca.gov).

Sincerely,

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

JLS/as

cc: Karen Larsen, Director  
Yolo County Health and Human Services Agency  
Josh Iverson, Deputy Branch Director  
Administration Branch  
Yolo County Health and Human Services Agency  
Anisa Vallejo, Health and Human Services Agency Program Coordinator  
Yolo County Health and Human Services Agency  
Ricardo Goodridge, Deputy Director  
Board of State and Community Corrections  
Juanita Reynaga, Senior Management Auditor  
Board of State and Community Corrections

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# Audit Report

## Summary

The State Controller's Office (SCO) conducted a performance audit of Yolo County Health and Human Services Agency's (HHSA) Proposition 47 Safe Neighborhoods and Schools Fund (SNSF) Grants Program for the period of July 1, 2016, through June 30, 2019. The purpose of the audit was to ensure that program funds were disbursed and expended in accordance with program guidelines and grant requirements, and as required by Government Code (GC) sections 7599.2(c) and 12410.

The purpose of the Proposition 47 SNSF Grants Program is to award to public agencies funding aimed at supporting mental health treatment, substance abuse treatment, and diversion programs for people in the criminal justice system, with an emphasis on programs that reduce recidivism of people convicted of less serious crimes and those who have substance abuse and mental health problems.

We verified that during the period of July 1, 2016, through June 30, 2019, the Board of State and Community Corrections (BSCC) awarded Yolo County HHSA \$5,968,214 in Proposition 47 SNSF grant funds, of which \$733,385 was disbursed (\$238,430 in fiscal year [FY] 2017-18, and \$494,955 in FY 2018-19). Yolo County HHSA expended \$733,385 in Proposition 47 SNSF grant funds (\$238,430 in FY 2017-18, and \$494,955 in FY 2018-19), and expended no Proposition 47 SNSF grant funds during FY 2016-17.

Our audit found that Yolo County HHSA did not adequately account for the labor costs charged to the Proposition 47 SNSF Grants Program. Our testing of labor costs disclosed that Yolo County HHSA erroneously charged an employee's time to the program in FY 2018-19, when this employee did not perform any activities related to the Proposition 47 SNSF Grants Program. As a result, Yolo County HHSA over-claimed \$4,837 in labor costs.

Except as noted above, Yolo County HHSA grant expenditures claimed were in compliance with applicable laws, regulations, program guidelines, and the grant agreement.

## Background

### Proposition 47 – Safe Neighborhoods and Schools Fund

On November 4, 2014, California voters approved Proposition 47, which reduces penalties for certain offenders convicted of non-serious and nonviolent property and drug crimes. It also allows some offenders to apply for reduced sentences. Proposition 47 established the Safe Neighborhoods and Schools Fund, which is funded by savings that accrue to the State from the implementation of the measure. This mandate is expected to save significant state corrections dollars annually.

Savings resulting from Proposition 47 are transferred to the Safe Neighborhoods and Schools Fund to be used in support of truancy reduction and drop-out prevention programs, increase victim services grants, and support substance abuse and mental health treatment services.

### Yolo County Health and Human Services Agency

Yolo County HHSA used the Proposition 47 grant funding to create the Steps to Success project, which is intended to expand Yolo County's criminal justice diversion programs. Specifically, the Steps to Success project applies the principles of restorative justice and trauma-informed care to provide services to individuals who are eligible for diversion programs, but are unlikely to succeed without intensive support due to their history of mental health issues and/or substance use disorders.

On June 16, 2017, the Yolo County HHSA was awarded a Proposition 47 SNSF grant of \$5,968,214 through the BSCC Grant Agreement No. 556-17, to provide services to support mental health treatment, substance abuse treatment, and diversion programs for people in the criminal justice system, as stipulated in GC section 7599.2(a)(3).

### Audit Authority

The legal authority to conduct this audit is provided by GC section 7599.2(c), which requires the Controller, every two years, to conduct an audit of the Proposition 47 SNSF Grants Program operated by the California Department of Education, California Victim Compensation Board, and the BSCC "to ensure the funds are disbursed and expended solely according to this chapter and shall report his or her findings to the Legislature and the public."

In addition, GC section 12410 states:

The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provision of law for payment.

## **Objective, Scope, and Methodology**

The objective of our audit was to determine whether Proposition 47 SNSF Grants Program funds were disbursed and expended in accordance with program requirements, and as required by GC sections 7599.2(c) and 12410 for the period of July 1, 2016, through June 30, 2019.

To achieve our objective, we:

- Identified the Proposition 47 SNSF Grants Program background, criteria, applicable laws and regulations, program purpose and requirements;
- Reviewed claimed grant expenditures and performed analytical procedures to identify material cost components of each claim, any errors, and any unusual or unexpected variances;
- Interviewed key personnel to gain an understanding of the invoice claim process and the financial management system, and determined whether the system was capable of recording, processing, and reporting Proposition 47 SNSF Grants Program costs;
- Assessed internal controls related to the Proposition 47 SNSF Grants Program by reviewing policies and procedures, guidelines, grant

- agreements, grant processes, and contracts; direct testing of claimed costs, invoices, and supporting documentation; and verifying the entity's compliance with applicable provisions of laws, regulations, and established criteria;
- Verified that during the audit period, the BSCC awarded Yolo County HHSA with \$5,968,214 in Proposition 47 SNSF grant funds, of which \$733,385 was disbursed (\$238,430 in FY 2017-18, and \$494,955 in FY 2018-19). In addition, verified that the Yolo County HHSA expended \$733,385 in Proposition 47 SNSF grant funds in FY 2017-18 and FY 2018-19 (\$238,430 in FY 2017-18, and \$494,955 in FY 2018-19), and expended no Proposition 47 SNSF grant funds in FY 2016-17;
  - Conducted a risk assessment and reviewed internal controls over Proposition 47 SNSF grants expenditures to determine the nature, timing, and extent of substantive testing; and
  - Used a judgmental (non-statistical) sampling approach to select cost categories for testing. We tested \$634,050 of \$733,385 in total claimed program costs as follows:
    - Salaries and Benefits – We tested all \$80,849
    - Professional Services/Public Agency Subcontracts Costs – We tested \$55,547 (or 64%) of \$87,079
    - Community-Based Organization Subcontract Costs – We tested all \$269,011
    - Data Collection and Evaluation Costs – We tested \$88,613 (or 86%) of \$103,357
    - Fixed Assets/Equipment – We tested \$135,193 (or 72%) of \$188,060
    - Other Costs (Travel, Training, etc.) – We tested all \$4,837

Errors found, if any, were not projected to the intended total population.

We did not examine Yolo County HHSA's information-systems controls or the economy, efficiency, or effectiveness of the program. Our audit of the program requirements was related solely to program expenditures as required by GC section 7599.2(c).

We did not audit Yolo County HHSA's financial statements. We limited our audit scope to planning and performing audit procedures necessary to achieve our audit objective. In addition, our review of internal controls was limited to gaining an understanding of the transaction flows and financial-management accounting system, and performing limited tests of controls regarding Yolo County HHSA's ability to accumulate and segregate reasonable and allowable program costs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a

reasonable basis for our findings and conclusions based on our audit objective.

**Conclusion**

Our audit found that Yolo County HHSA did not adequately account for the labor costs charged to the Proposition 47 SNSF Grants Program. Our testing of labor costs disclosed that Yolo County HHSA erroneously charged an employee's time to the program in FY 2018-19, when this employee did not perform any activities related to the Proposition 47 SNSF Grants Program. As a result, Yolo County HHSA over-claimed \$4,837 in labor costs.

Except as noted above, Yolo County HHSA Proposition 47 SNSF Grants Program funds were disbursed and expended in accordance with program requirements, and as required by GC sections 7599.2(c) and 12410 for the period of July 1, 2016, through June 30, 2019.

**Follow-up on  
Prior Audit  
Finding**

There have been no prior audits of Yolo County HHSA's Proposition 47 SNSF Grants Program; therefore, we did not perform any follow-up activity.

**Views of  
Responsible  
Officials**

We issued a draft report on December 23, 2019. Sandra Sigrist, Director, Adult and Aging Branch, responded by letter dated January 28, 2020 (Attachment), agreeing with the audit results. This final audit report includes Yolo County HHSA's response.

**Restricted Use**

This audit report is intended for the information and use of Yolo County HHSA, the BSCC, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

February 28, 2020

**Schedule 1—  
Summary of Grant Award, Amounts Disbursed and  
Expended, and Audit Adjustments<sup>1</sup>  
July 1, 2016, through June 30, 2019**

Program Cost Element	SNSF Grant Awarded	SNSF Grant Disbursed <sup>3</sup>	SNSF Grant Expended	Allowable per Audit	Audit Adjustments	Reference <sup>4</sup>
<b>FY 2016-17</b>						
Yolo County Health and Human Services Agency <sup>2</sup>	\$ 5,968,214	N/A	N/A	N/A	N/A	
<b>Total for FY 2016-17</b>	<b>\$ 5,968,214</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	
<b>FY 2017-18</b>						
Salaries and Benefits	N/A	\$ 60,505	\$ 60,505	\$ 60,505	N/A	
Services and Supplies	N/A	192	192	192	N/A	
Professional Services:						
Public Agency						
Subcontractors	N/A	31,532	31,532	31,532	N/A	
Community-Based Organization						
Subcontractors	N/A	14,724	14,724	14,724	N/A	
Indirect Costs	N/A	N/A	N/A	N/A	N/A	
Data Collection and Evaluation	N/A	76,733	76,733	76,733	N/A	
Fixed Assets/Equipment	N/A	52,867	52,867	52,867	N/A	
Other	N/A	1,877	1,877	1,877	N/A	
<b>Total for FY 2017-18</b>	<b>N/A</b>	<b>\$ 238,430</b>	<b>\$ 238,430</b>	<b>\$ 238,430</b>	<b>N/A</b>	
<b>FY 2018-19</b>						
Salaries and Benefits	N/A	\$ 20,344	\$ 20,344	\$ 15,507	\$ (4,837)	Finding
Services and Supplies	N/A	N/A	N/A	N/A	N/A	
Professional Services:						
Public Agency						
Subcontractors	N/A	55,547	55,547	55,547	N/A	
Community-Based Organization						
Subcontractors	N/A	254,287	254,287	254,287	N/A	
Indirect Costs	N/A	N/A	N/A	N/A	N/A	
Data Collection and Evaluation	N/A	26,624	26,624	26,624	N/A	
Fixed Assets/Equipment	N/A	135,193	135,193	135,193	N/A	
Other	N/A	2,960	2,960	2,960	N/A	
<b>Total for FY 2018-19</b>	<b>N/A</b>	<b>\$ 494,955</b>	<b>\$ 494,955</b>	<b>\$ 490,118</b>	<b>\$ (4,837)</b>	
<b>Grand Total</b>	<b>\$ 5,968,214</b>	<b>\$ 733,385</b>	<b>\$ 733,385</b>	<b>\$ 728,548</b>	<b>\$ (4,837)</b>	

<sup>1</sup>Numbers rounded to the nearest dollar.

<sup>2</sup>For the period of July 1, 2016, through June 30, 2019, the BSCC awarded Yolo County HHSA with \$5,968,214 in Proposition 47 SNSF grant funds, of which \$238,430 was disbursed in FY 2017-18 and \$494,955 was disbursed in FY 2018-19. No Proposition 47 SNSF grant funds were expended in FY 2016-17.

<sup>3</sup>We verified the accuracy of Proposition 47 SNSF grants disbursed and expended by reconciling Proposition 47 SNSF grant records to Yolo County HHSA's financial and accounting reports.

<sup>4</sup>See the Finding and Recommendation section.



# Finding and Recommendation

## **FINDING— Unallowable Labor Costs**

Yolo County HHSA did not adequately account for the labor costs charged to the Proposition 47 SNSF Grants Program. Our testing of labor costs found that the Yolo County HHSA erroneously charged an employee's time to the program in FY 2018-19, when this employee did not perform any activities related to the Proposition 47 SNSF Grants Program. As a result, Yolo County HHSA over-claimed \$4,837 in labor costs.

These unallowable labor costs were caused by clerical errors during the cost allocation process by Yolo County HHSA.

BSCC Grant Agreement No. 556-17, Exhibit B—Budget Detail and Payment Provisions, Section 4 Project Costs, states, in part:

- (A) Grantee is responsible for ensuring that actual expenditures are for eligible project costs.
- (B) Grantee is responsible for ensuring that invoices submitted to the BSCC claim actual expenditures for eligible project costs.
- (C) Grantee shall, upon demand, remit to the BSCC any grant funds not expended for eligible project costs or an amount equal to any grant funds expended by the Grantee in violation of the terms, provisions, conditions or commitments of this Grant Agreement.

### Recommendation

We recommend that Yolo County HHSA:

- Ensure that all labor costs charged to the Proposition 47 SNSF Grants Program are program-related, eligible, allowable, reasonable, and in accordance with program requirements;
- Make necessary accounting corrections for the labor costs of \$4,837 over-claimed to the Proposition 47 SNSF Grants Program; and
- Reimburse \$4,837 to the BSCC for the unallowable labor costs claimed, or request that the BSCC offset Yolo County HHSA's future claims by \$4,837.

### Yolo County Response

Yolo County HHSA agreed with the Finding and Recommendation.

**Attachment—  
Yolo County Health and Human Services Agency's  
Response to Draft Audit Report**

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# COUNTY OF YOLO

Health and Human Services Agency

*Karen Larsen, LMFT*  
Director

**Sandra Sigrist, LCSW**  
Director, Adult & Aging Branch

MAILING ADDRESS  
137 N. Cottonwood Street • Woodland, CA 95695  
(530) 666-8516 • [www.yolocounty.org](http://www.yolocounty.org)

January 28, 2020

Andrew Finlayson  
Chief, Division of Audits  
State Agency Audits Bureau  
State Controller's Office,  
Post Office Box 942850  
Sacramento, California 94520.

Dear Mr. Finlayson,

Attached is Yolo County Health and Human Services Agency's (HHSA) response to the State Controller's draft report for their audit of HHSA's Proposition 47 Safe Neighborhoods and Schools Fund Grants Program for the period of July 1, 2016, through June 30, 2019.

Thank you.

Sincerely,

Sandra Sigrist, LCSW  
Director, Adult & Aging Branch

Attachment: County of Yolo, California, Corrective Action Plan

cc: Karen Larsen, Health and Human Services Agency Director

**Davis**  
600 A Street  
Davis, CA 95616  
Mental Health (530) 757-5530

**West Sacramento**  
500 Jefferson Boulevard  
West Sacramento, CA 95605  
Service Center (916) 375-6200  
Mental Health (916) 375-6350  
Public Health (916) 375-7124

**Winters**  
111 East Grant Avenue  
Winters, CA 95694  
Service Center (530) 406-4444

**Woodland**  
25 & 137 N. Cottonwood Street  
Woodland, CA 95695  
Service Center (530) 661-2750  
Mental Health (530) 666-8630  
Public Health (530) 666-8516



# COUNTY OF YOLO

Health and Human Services Agency

*Karen Larsen, LMFT*  
Director

Sandra Sigrist, LCSW  
Director, Adult & Aging Branch

MAILING ADDRESS  
137 N. Cottonwood Street • Woodland, CA 95695  
(530) 666-8516 • [www.yolocounty.org](http://www.yolocounty.org)

## COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2019

Compiled by: Lindsay Brown, Fiscal Administrative Officer

**Davis**  
600 A Street  
Davis, CA 95616  
Mental Health (530) 757-5530

**West Sacramento**  
500 Jefferson Boulevard  
West Sacramento, CA 95605  
Service Center (916) 375-6200  
Mental Health (916) 375-6350

**Winters**  
111 East Grant Avenue  
Winters, CA 95694  
Service Center (530) 406-4444

**Woodland**  
25 & 137 N. Cottonwood Street  
Woodland, CA 95695  
Service Center (530) 661-2750  
Mental Health (530) 666-8630

# COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan  
Year ended June 30, 2019

## I. FINANCIAL STATEMENTS FINDINGS

### FINDING – Unallowable Labor Costs

#### **Management's or Department's Response:**

We concur.

#### **Views of Responsible Officials and Corrective Action:**

During the 2018-19 fiscal year, the County utilized a formulaic calculation methodology for assigning costs appropriately in the grant claim, including labor allocations. The disallowed labor included on the grant claim was a result of the formula being excluded from a line in the calculation. At the time of the audit, staff recognized the formula error and shared with the auditors. The financial finding of \$4,837 was included as an offset on a subsequent claim submitted during the 2019-20 fiscal year, so that the net result was no over-claiming to the Proposition 47 SNSF Grants Program. Going forward, the supervisor will implement more stringent review of grant claim calculations prior to the grant claims being submitted. Staff will also implement additional automated check figures within the work papers to reduce instances of formula errors.

**Name of Responsible Person:** Josh Iverson, Deputy Branch Director, Administration

**Name of Department Contact:** Lindsay Brown, Fiscal Administrative Officer

**Projected Implementation Date:** December 30, 2019

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250**

**<http://www.sco.ca.gov>**