
**REPORT ON THE
LIMITED REVIEW**

**LASSEN COUNTY HEALTH AND
SOCIAL SERVICES DEPARTMENT
SUSANVILLE, CALIFORNIA**

**MATERNAL, CHILD AND ADOLESCENT
HEALTH PROGRAM
AGREEMENT NO. 200618
FISCAL YEAR ENDED JUNE 30, 2007**

**Audits Section - Sacramento
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Evie Correa
Audit Supervisor: Jeff Sandman
Auditor: Bill Potts**



DAVID MAXWELL-JOLLY
Director

State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

APR 22 2009

Kevin Mannel, Director
Lassen County Health and Social Services Department
1445 Paul Bunyan Road
Susanville, CA 96130

The expenditure claims for services provided by the provider, Lassen County Health and Social Services Department, under the Maternal, Child and Adolescent Health Program, Agreement No. 200618, for the fiscal year ended June 30, 2007, have been reviewed by the Financial Audits Branch of the Department of Health Care Services. In addition, a limited review was made of the program's management and operational procedures.

Except as set forth in the following paragraph, our review was made in accordance with generally accepted government auditing standards as promulgated by the Comptroller General of the United States. Accordingly, our review included such tests of the accounting records and other review procedures as we considered necessary under the circumstances.

The financial statements of the County of Lassen, for the year ended June 30, 2007, were examined by other auditors. Their audit report dated March 10, 2008, expressed an unqualified opinion on those statements.

The scope of our review was limited to specific contract or program requirements relating to financial compliance and did not include sufficient work to determine whether financial statements present fairly the financial position and the results of the financial operations. We have not duplicated the work performed by the other auditors.

As noted in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position referred above. Consequently, no financial statements are presented.

The program review was concluded in November 2008. The exit conference was held on December 12, 2008, at which time the results of the engagement were presented.

This Audit Report includes:

1. Executive Summary of Findings
2. Program Compliance
3. Fiscal Findings
4. Financial Schedules

Director
Page 2

The report concludes that \$15,484 is due the State. You will be receiving an invoice in that amount from the Department's Accounting Section.

If you disagree with the amount due, you may appeal by writing to Chief Administrative Appeals, Office of Legal Services, Department of Health Services, 1029 J Street, Suite 200, MS 0017, Sacramento, CA 95814. This written notice of disagreement must be received by the Department within sixty (60) calendar days from the day you receive this letter. A copy of this notice should be sent to the Assistant Chief Counsel, Appeals and Suspension Section, Office of Legal Services, Department of Health Services, 1501 Capitol Avenue, Suite 5001, MS 0010, P.O. Box 997413, Sacramento, CA 95899-7413. The procedures that govern this hearing are contained in Welfare and Institutions Code, Section 14171, and Title 22 California Code of Regulations, Section 51016, et seq.

If you have any questions please contact Joelyene Browne, Contract Manager, at (916) 650-0397.



Evie Correa, Chief
Audits Section – Sacramento
Financial Audits Branch

Certified

cc: Cheryl Damm, MCAH Director
Lassen County Health and Social Services Department
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TABLE OF CONTENTS

- I. EXECUTIVE SUMMARY OF FINDINGS
- II. INTRODUCTION
 - A. Description of Program
 - B. Description of Agency
 - C. Site Location
 - D. Funding Sources
 - E. Program Goals and Objectives
- III. SCOPE OF REVIEW
- IV. PROGRAM COMPLIANCE
 - A. Program Requirements
 - B. Program Objectives
- V. FISCAL FINDINGS
 - A. Expenditures and Revenue
- VI. SYSTEMS AND PROCEDURES
- VII. SCHEDULES
 - A. Summary of Audited Program Expenditures
 - A-1. Summary of Audit Adjustments

Lassen County Health and Social Services Department
Maternal, Child and Adolescent Health Program
Agreement No. 200618
Fiscal Year Ended June 30, 2007

I. EXECUTIVE SUMMARY OF FINDINGS

The following information is a summary of our findings/observations:

1. An additional amount of \$15,484 is due to the State because of a duplicate payment made to the County by the State (See Fiscal Findings, Section V).
2. Program expenses totaled 61% of the budgeted amount, primarily due to unfilled and partially filled positions during the year (See Fiscal Findings, Section V).
3. Progress and achievements in meeting stated program goals/objectives are described in the Annual Report for the program (See Program Compliance, Section IV).
4. Time studies were performed as a basis for quarterly invoicing of staff time by program and funding source, as prescribed by Federal Financial Participation guidelines (See Fiscal Findings, Section V).

Lassen County Health and Social Services Department
Maternal, Child and Adolescent Health Program
Agreement No. 200618
Fiscal Year Ended June 30, 2007

II. INTRODUCTION

A. DESCRIPTION OF PROGRAM

The Maternal, Child and Adolescent Health (MCAH) Program, established on the state level in 1973, is funded by a Federal Title V Block Grant as well as by Federal Medicaid funds (Title XIX), state General Fund and state Cigarette and Tobacco Products Surtax Fund. The mission of the MCAH Branch is to assure that infants, children, adolescents, and pregnant women in California receive a variety of services to protect and improve their health. To accomplish its goals, the branch maintains partnerships and agreements with state, federal and local agencies in the public and private sectors.

B. DESCRIPTION OF AGENCY

Lassen County Health and Social Services Department (LASSEN), an organization of the County of Lassen, is dedicated, in part, to implementing MCAH programs to assess, plan, evaluate and improve access to comprehensive MCAH services for women, children and adolescents.

C. SITE LOCATION

LASSEN's offices are located at 1445 Paul Bunyan Road in Susanville.

D. FUNDING SOURCE

The County of Lassen is primarily funded by taxes, grants/contributions, and service fees.

E. PROGRAM GOALS AND OBJECTIVES

The goals/objectives under the program for women, children and adolescents for the agreement funding period are as follows:

I. Maternal, Child and Adolescent Health Program (MCAH)

Goal 1. All children born healthy to healthy mothers.

Goal 2. No health status disparities among racial/ethnic, gender, economic and regional groups.

Goal 3. A safe and healthy environment for women, children and their families.

Goal 4. Equal access for all women, children and their families to appropriate and needed care within an integrated and seamless system.

Lassen County Health and Social Services Department
Maternal, Child and Adolescent Health Program
Agreement No. 200618
Fiscal Year Ended June 30, 2007

III. SCOPE OF REVIEW

The Financial Audit Section's review consisted of two parts:

1. A review of the financial records to ensure the existence of proper documentation and propriety of claims submitted to the State for reimbursement for the agreement fiscal year ended June 30, 2007.
2. A cursory review of compliance with agreement and regulatory program requirements.

Lassen County Health and Social Services Department
Maternal, Child and Adolescent Health Program
Agreement No. 200618
Fiscal Year Ended June 30, 2007

IV. PROGRAM COMPLIANCE

The examination included a review to determine if LASSEN conducted the program in compliance with Maternal, Child and Adolescent Health Program terms and applicable regulatory requirements. The following is a summary of findings/observations relating to this portion of the audit.

A. PROGRAM REQUIREMENTS

LASSEN submitted the required Annual Report for the fiscal year.

B. PROGRAM OBJECTIVES

The Annual Report for fiscal year 2006-07 described progress and achievements concerning program goals/objectives stated for the program.

Our review of records indicated that documentation was on file relative to the progress and achievements cited in the annual report.

Further, based on our review nothing came to our attention to indicate that LASSEN has not complied with the material terms and conditions of the program.

Lassen County Health and Social Services Department
Maternal, Child and Adolescent Health Program
Agreement No. 200618
Fiscal Year Ended June 30, 2007

V. FISCAL FINDINGS

The following discusses the fiscal findings/observations of the Audits and Investigations' review of LASSEN. The line item expense amounts are included in Schedule A of this report.

There is a \$15,484 variance between paid and audited amounts.

Finding

LASSEN received a duplicate payment of \$15,484 from the State for the Quarter 1 invoice.

Recommendation

The duplicate payment should be refunded to the State.

Total expenditures were budgeted at \$88,802. Expenditures totaling \$54,193 were invoiced; but the State's duplicate payment of \$15,484 resulted in total payments of \$69,677. Audited expenditures are \$54,193 (See Schedule A).

Total invoiced/audited expenses were 61% of the budgeted total, primarily due to the unfilled/partially filled positions for MCAH director and public health nurse.

Time Studies

Time studies were performed as a basis for quarterly invoicing of staff time by program and funding components, as prescribed by Federal Financial Participation (FFP) guidelines.

Our testing of quarterly invoices to the time-study reports/documents for FFP, showed support for the program percentage distributions to the invoice funding categories of Unmatched Funding (Title V, General Fund) and Non-Enhanced/Enhanced Matching (Title XIX, General Fund).

Also, we reviewed for completeness the quarterly time-study documents, which detail staff hours by Programs and FFP Function Codes; however, we did not further verify the appropriateness of the individual FFP Function Codes used.

Lassen County Health and Social Services Department
Maternal, Child and Adolescent Health Program
Agreement No. 200618
Fiscal Year Ended June 30, 2007

VI. SYSTEMS AND PROCEDURES

The management of LASSEN is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future fiscal periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

We have not made a study and evaluation of the provider's system of internal accounting controls due to the limited scope detailed in Section III of this report. As a result, our Limited Contract Expenditure Review placed no reliance on the internal control system. The review was performed by expanding substantive tests to ensure the fair presentation of program costs.

Lassen County Health and Social Services Department
Maternal, Child and Adolescent Health Program
Agreement No. 200618
Fiscal Year Ended June 30, 2007

VII. SCHEDULES

A schedule of financial data has been included in this report to summarize the amounts claimed/paid under the agreement. Adjustments have been proposed to the paid amounts.

SCHEDULE A

Lassen County Health and Social Services Department
 Maternal, Child and Adolescent Health Program
 Agreement No. 200618
 Fiscal Year Ended June 30, 2007

Summary of Audited Program Expenditures

PROGRAM: MCAH

(1)	(2)	(3)	(4)	(5)
Budgeted Categories	Contract Amount	Amount Paid	Audited Expense	Amount Due State (3)-(4)
				Sch. A-1
Personnel Expenses	\$ 54,064	\$ 40,370	\$ 28,562	\$ 11,808
Operating Expenses	25,989	27,002	24,204	2,798
Other Costs	1,450	-0-	-0-	-0-
Indirect Costs	7,299	2,305	1,427	878
Total Expenditures	<u>\$ 88,802</u>	<u>\$ 69,677</u>	<u>\$ 54,193</u>	<u>\$ 15,484</u>

Contractor Name		Lassen County		Fiscal Period		Agreement No.		Adjustments	
Health and Social Services Department		Health and Social Services Department		Year Ended June 30, 2007		200618		4	
Report References									
Adj. No.	Audit Report	Invoice or Claim		Program:	Explanation of Audit Adjustments	As Paid/ Reimbursed	Increase (Decrease)	As Audited	
	Schedule	Line	Form #						
1	A	1		Maternal, Child and Adolescent Health	Personnel Expenses	\$40,370	(\$11,808)	\$28,562	
2	A	2			Operating Expenses	\$27,002	(\$2,798)	\$24,204	
3	A	4			Indirect Costs	\$2,305	(\$878)	\$1,427	
4	A	5			Total Expenses	\$69,677	(\$15,484)	\$54,193	
<p>To eliminate a duplicate payment for the quarter 1 invoice and adjust expenses to actual costs. MCAH Policies & Procedures Manual-Fiscal Administration, Page 55.</p>									