

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION – INTERNAL AUDITS UNIT

INTERNAL AUDIT REPORT

FNS-209 REPORT VALIDATION
JUNE 30, 2025

DEPARTMENT OF HUMAN ASSISTANCE



Audit Committee Submittal Date: 10/16/2025

SUMMARY

Background

The County of Sacramento Department of Human Assistance (DHA) submits the Status of Claims Against Households Report (FNS-209 Report) to California Department of Social Services (CDSS) every quarter. CDSS requires DHA's FNS-209 Report for the quarter ended June 30 be validated by the County of Sacramento, Department of Finance, Internal Audit Unit (IAU). As such, IAU performed agreed-upon procedures to validate FNS-209 Report as required by CDSS.

Audit Objective

IAU performed procedures as required by CDSS to validate FNS-209 Report for the quarter ended June 30, 2025.

Summary

IAU noted exceptions regarding FNS-209 reported amounts for Cash, Check, M.O. (Line 14) and FNS-209 Ending Balances (Line 13) as a result of the procedures.

Department of Finance

Chad Rinde
Director



County of Sacramento

Divisions

Auditor-Controller
Consolidated Utilities Billing &
Service
Investments
Revenue Recovery
Tax Collection & Licensing
Treasury

September 29, 2025

Ethan Dye, Director
Department of Human Assistance
County of Sacramento
1825 Bell Street, Suite 200
Sacramento, CA 95825

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Dear Mr. Dye:

We have performed the procedures enumerated below and on page 2, to verify the Sacramento County (County), Department of Human Assistance's (DHA) California Department of Social Services Status of Claims Against Households Report (FNS-209 Report) for the quarter ended June 30, 2025. In performing our agreed-upon procedures engagement, we have relied solely on representations provided by DHA on the accuracy and reliability of information reported on FNS-209 Report and those related internal controls.

DHA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of verifying FNS-209 Report information detailed below. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed and the results are as follows:

1. Accountability Test 1 (FNS-209 Information) – We obtained system-generated case level reports that support the data on lines 3b through 20b of FNS-209 Report for the quarter ended June 30, 2025 from DHA. We verified reports are broken down by type of claim, by client, and by dollar amount, with summary totals for each line item for the quarter ended June 30, 2025. We compared system-generated report totals to the amounts reported on each line of FNS-209 Report for the quarter ended June 30, 2025 and determined there was a direct data relationship between actual case records and data reported on FNS-209 Report. We also verified data reported can be traced to individual cases.

Result: We noted an exception as a result of our procedures. See ATT 2 – *Current Finding and Recommendation*.

2. Accountability Test 2 (FNS-209 Balances) – We obtained system-generated case level reports that support line 13, Ending Balance of FNS-209 Report, for the quarter ended June 30, 2025 from DHA. We verified reports are broken down by type of claim, by client, and by dollar amount, with complete histories of all claims in DHA’s system. We compared totals from the system-generated history report to the corresponding ending balances reported on FNS-209 Report and determined there was a direct data relationship between actual case records and data reported on FNS-209 Report. We also verified data reported can be traced to individual cases.

Result: We noted two exceptions as a result of our procedures. See ATT 1 – *Schedule of FNS-209 Balances Reporting Differences* and ATT 2 – *Current Finding and Recommendation*.

We were engaged by DHA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the standards for attestation engagements contained in *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States of America. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accuracy and reliability of information reported on FNS-209 Report or the related internal controls. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of DHA to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report relates only to the results of our procedures referred to above and does not extend to DHA’s operations as a whole.

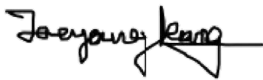
DHA’s response to the finding identified during our engagement are described in ATT 2 - *Current Finding and Recommendation*. We did not perform procedures to validate DHA’s response to the finding and accordingly, we do not express an opinion on the response to the finding.

Ethan Dye, Director
September 29, 2025

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Sacramento County Executive, DHA's management, CDSS, and applicable federal agencies. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this restriction is not intended to limit distribution of this report, which is a matter of public record.

Sincerely,

CHAD RINDE
DIRECTOR OF FINANCE

A handwritten signature in black ink, appearing to read "Tae-Young Kang", with a stylized flourish at the end.

By: Tae-Young Kang, CPA
Audit Manager

Attachments:

ATT 1 – Schedule of FNS-209 Balances Reporting Differences
ATT 2 – Current Finding and Recommendation
ATT 3 – Current Status of Prior Finding and Recommendation

County of Sacramento
 Department of Human Assistance
 Agreed-Upon Procedures
 FNS-209, Status of Claims Against Households
 Schedule of FNS-209 Balances Reporting Differences
 For the Quarter Ended June 30, 2025

	<u>Type of Claims</u>			<u>Total</u>
	<u>Intentional Program Violation (IPV)</u>	<u>Inadvertent Household Error (IHE)</u>	<u>State Agency Administrative Error (SAE)</u>	
Number of Claims reported as				
Ending Balances (Line 13)				
System-generated Case Level Reports	2,073	29,218	21,980	53,271
Validated FNS-209	2,062	29,447	22,636	54,145
Differences⁽¹⁾	11	(229)	(656)	(874)
Amount of Claims reported as				
Ending Balances (Line 13)				
System-generated Case Level Reports	\$ 5,457,729	27,256,817	6,764,243	39,478,789
FNS-209 ⁽²⁾	5,331,087	27,473,739	7,542,484	40,347,310
Differences⁽¹⁾	\$ 126,642	(216,922)	(778,241)	(868,521)
Adjusted Amount of Claims as				
Ending Balances (Line 13)				
System-generated Case Level Reports	\$ 5,457,729	27,256,817	6,764,243	39,478,789
FNS-209	5,331,087	27,473,739	7,542,484	40,347,310
Adjustments ⁽³⁾	(12)	(269)	(83)	(364)
Validated FNS-209 ⁽⁴⁾	5,331,075	27,473,470	7,542,401	40,346,946
Adjusted Differences⁽⁵⁾	\$ 126,654	\$ (216,653)	\$ (778,158)	\$ (868,157)

(1) Non reconciled number of claims from prior year review and current year review (874 = 868 + 6) and non-reconciled amount of claims from prior year review and current year review (\$868,521 = \$868,157 + \$364). See detail of the differences at ATT 2 - *Current Finding and Recommendation*.

(2) Amount of claims reported as Ending Balances (Line 13) on FNS-209 form submitted by Department of Human Assistance for quarter ended June 30, 2025.

(3) Adjustments required to reduce Line 13 ending balances that were overstated due to data entry error impacting Line 14 Total.

(4) Adjusted Ending Balances (Line 13) that should have been reported on FNS-209 form for quarter ended June 30, 2025.

(5) Non-reconciled claims amounts from the prior year review.

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
FNS-209, Status of Claims Against Households
Current Finding and Recommendation
For the Quarter Ended June 30, 2025

Data Input Error and Cumulative Differences between Closing and Opening Balances of the Claims against Households

Criteria

According to the State of California, Health and Human Services Agency's Department of Social Services (CDSS)' instruction on All County Letter No. 07-26, dated July 18, 2007, the information reported on the United States Department of Agriculture Food and Nutrition Services (FNS)' Form FNS-209, Status of Claims Against Households (FNS-209) should be accurate and supported with internal accounting records. Additionally, the beginning and ending balances reflected on the FNS-209 report should be supported by the automated claims management systems and paper records.

Condition

A. Accountability Test 1 – Understated Amount Reported on Line 14

According to the County Fiscal Letter (CFL) No. 15/16-63 issued by CDSS on June 28, 2016, the County of Sacramento (County)'s Department of Human Assistance (DHA) is required to report Internal Revenue Service Treasury Offset Program (TOP) on Line 14 of the FNS-209 report to the CDSS on a quarterly basis.

During our review, we noted that TOP Cycle #2520 in the amount of \$41,848 was incorrectly entered as \$41,484 in DHA's worksheet calculating FNS-209 Line 14 amounts resulting in total \$364 (\$41,848 - \$41,484) understatement of Line 14. This under reported amount of \$364 represents 0.87% (\$364 out of \$41,848) of the correct amount.

B. Accountability Test 2 – Overstated Amount Reported on Line 13 and Differences between System-Generated Case Level Reports

Due to understated amounts for Line 14 described above, the ending balance reported on Line 13 for Intentional Program Violation (IPV), Inadvertent Household Error (IHE), and State Agency Administrative Error (SAE) for quarter ended June 30, 2025 were also overstated by total of \$364 as Line 14 was included in items used to calculate Line 13 ending balance.

See table on the next page for reported amounts on FNS-209 report for quarter ended June 30, 2025, required adjustments, and adjusted amounts for IPV, IHE, and SAE in the next quarter's FNS-209 report.

County of Sacramento
 Department of Human Assistance
 Agreed-Upon Procedures
 FNS-209, Status of Claims Against Households
 Current Finding and Recommendation
 For the Quarter Ended June 30, 2025

	(A)	(B)	(A) + (B)
	<u>Reported Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
Form FNS-209 Line Items			
Line 13			
Intentional Program Violation (IPV)	\$ 5,331,087	(12)	5,331,075
Inadvertant Household Error (IHE)	27,473,739	(269)	27,473,470
State Agency Administrative Error (SAE)	7,542,484	(83)	7,542,401
Total Line 13	<u>\$ 40,347,310</u>	<u>(364)</u>	<u>40,346,946</u>

Adjusted amounts for IPV, IHE, and SAE were included as validated FNS-209 amounts at ATT 1 – *Schedule of FNS-209 Balances Reporting Differences*.

Beside those overstated amounts that required adjustments listed above, we noted differences of \$868,157 for 874 claims in ending balance (Line 13) between the FNS-209 and system-generated case level reports. The 874 claims include 868 non-reconciled claims from the prior year review and six (6) SAE claims identified by DHA in the current year review. However, the additional six (6) SAE claims did not impact total non-reconciled differences of \$868,157.

See table below for breakdown of differences for numbers and amounts of claims:

	<u>Type of Claims</u>			<u>Total</u>
	<u>IPV</u>	<u>IHE</u>	<u>SAE</u>	
Number of Claims				
Differences Carried Over From Prior Year	11	(229)	(650)	(868)
Differences for Current Year			(6)	(6)
Total Difference	<u>11</u>	<u>(229)</u>	<u>(656)</u>	<u>(874)</u>
Amount of Claims				
Differences Carried Over From Prior Year	\$ 126,654	(216,653)	(778,158)	(868,157)
Differences for Current Year	(12)	(269)	(83)	(364)
Total Difference	<u>\$126,642</u>	<u>(216,922)</u>	<u>(778,241)</u>	<u>(868,521)</u>

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
FNS-209, Status of Claims Against Households
Current Finding and Recommendation
For the Quarter Ended June 30, 2025

Cause

The understated amount of \$364 was caused by human error during data entry process and appears to be an isolated incident.

DHA indicated that the prior year differences of 868 in number of claims and \$868,157 in amount between closing and case level balances reported on the claims against households in its system was due to the cumulative effect of closing balances of the claims against households in its old system CALWIN (California Welfare Information Network) not matching with opening balances and case level data reported during system conversion to California Statewide Automated Welfare System (CalSAWS).

In addition, the current year difference of six (6) in number of claims is due to CalSAWS ending balance in December 2024 quarter not matching beginning balance in the March 25 quarter.

Effect

Line 14 was understated by a total of \$364 and as a result, the ending balance (Line 13) for quarter ended June 30, 2025, is overstated by \$364. In addition, the difference \$868,157 is not properly supported by case level reports.

Providing incorrect information on the FNS-209 form can create issues such as inaccurate data tracking for state and local agencies, difficulty in identifying and correcting errors, and a general lack of accountability within the SNAP program, as this form is used by state agencies to report the status of claims against households in the SNAP to FNS.

Recommendation

We recommend DHA make proper adjustments to correct \$364 understated amounts for Line 14 and overstated amounts for Line 13.

We also recommend DHA continue to research the cumulative differences between closing and opening balances of the claims against households in its system and to determine and make proper adjustments to the next FNS-209 for the quarter ended September 30, 2025.

We further recommend DHA evaluate its current written policies and procedures regarding preparation of FNS-209 and update as necessary to make sure that all data reported on FNS-209 is accurate prior to submitting the form to CDSS.

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
FNS-209, Status of Claims Against Households
Current Finding and Recommendation
For the Quarter Ended June 30, 2025

DHA's Management Response

The Department acknowledges the data entry error and will make the necessary adjustment to correct the \$364 understatement in the September 2025 quarter FNS 209 report. This adjustment will also automatically correct the corresponding overstatement in Line 13.

The variance of \$868,157 across 868 claims between the FNS 209 report and the system-generated case-level report is primarily attributed to the migration from CalWIN to CalSAWS. This transition has introduced significant complexities that require close collaboration across multiple divisions and departments within the County. Limited resources have also contributed to an extended timeline for review and reconciliation.

The Department is fully committed to transparency and accountability in addressing this matter. We are actively reviewing and analyzing the data, coordinating across teams and taking steps to resolve the discrepancy. A dedicated team, led by Operations, will focus on overpayments, while we continue to work with Revenue Recovery (DRR) to address system migration discrepancies.

Additionally, the Department will review and continue to update existing written procedures to reflect current resources and guidance regarding preparation of FNS 209 report. These updates will include strengthening review and reconciliation processes to ensure all data reported on FNS 209 are properly verified for accuracy prior to submission to CDSS.

County of Sacramento
Department of Human Assistance
Agreed-Upon Procedures
FNS-209, Status of Claims Against Households
Current Status of Prior Recommendation
For the Quarter Ended June 30, 2025

Reported on September 27, 2024 for the Quarter Ended June 30, 2024

1. Accountability Test 2 - Differences between System-Generated Case Level Reports

Prior Recommendation

We recommended DHA continue to research the cumulative differences between closing and opening balances of the claims against households in its system and make proper adjustments to the next FNS-209 for the quarter ended September 30, 2024.

Current Status

Our prior recommendation was not implemented. See ATT 2 – *Current Finding and Recommendation*.