

December 17, 2012

**DAVID GINSBURG**

Director

University of California CalFresh Nutrition Education Program

**RE: Internal Audit Services Project #12-50 USDA FSNEP**

David,

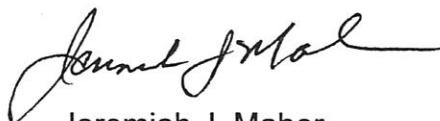
IAS has completed its limited review of the University of California CalFresh Nutrition Education Program (UC-CalFresh) as requested by the California Department of Social Services (CDSS).

In May 2011, CDSS and the United States Department of Agriculture (USDA) conducted a joint review of UC-CalFresh and issued a series of corrective actions and recommendations. The primary purpose of our review was to assess the status of the UC-CalFresh responses to the corrective actions and recommendations issued by CDSS/USDA to UC-CalFresh. Our review covered the procedures outlined in the attached audit program which was agreed-upon by UC-CalFresh and CDSS.

Our review identified no material findings and, therefore, no corrective actions will be necessary on your part.

If you have any questions, please call me at 752-9172. Thank you.

Sincerely,



Jeremiah J. Maher  
Director  
Internal Audit Services

cc: Mary Delany  
Tu Jarvis  
Tom Kaiser  
Internal Audit Services Work Group

## Internal Audit of UC-CalFresh for FFY 12

**Goal:** To address the May 2011 USDA/CDSS review, Corrective Actions and UC-CalFresh Response.

### **Audit protocol and purpose:**

The proposed audit will be led by the University of California, Davis Internal Audit Services (IAS). The timeframe for the audit is proposed for implementation during the second/third quarters of FFY 12 (January through June), and will cover the first/second quarters of FFY 12 (October through March). The audit will address the corrective actions from the May 2011 review by USDA and CDSS and the UC-CalFresh response. The audit will include the following activities:

- 1) Phone survey of teachers: A random survey of approximately 75 teachers (completed interviews) from a statewide sampling of the participating counties will be conducted. The review will be similar to the one UC completed for the response to the USDA/CDSS findings. This survey will focus on the teacher evaluations of the UC-CalFresh program quality and the support provided by the county staff for SNAP-Ed implementation. It will also be used to gather information on the changes observed by the teachers as a result of their participation in SNAP-Ed.

The nature of the phone survey will be qualitative rather than quantitative. Therefore, in the event of teacher responses deemed to be unacceptable, follow-up will be conducted by the UC-CalFresh State Office Director in conjunction with the UC-CalFresh Advisory Committee to determine the underlying cause of teacher dissatisfaction, after which appropriate actions will be taken as necessary.

- 2) Review of federal expenditures: An audit of 50% of the participating counties will be conducted to review the federal expenditures and record documentation. Selected counties will provide backup receipts, purchase orders, travel logs and other appropriate documentation for federal expenses claimed from one month. The month will be selected randomly for each county and in total will be from at least two different quarters of the year (October – December or January – March).

The sample selection will include the counties listed below. Beside each county is listed the percentage of the total UC-CalFresh FFY 2012 budget. In the aggregate, these counties represent 50% of the participating counties (11 of 22), and 80.36% of the total budgeted expenses.

Fresno	27.69%
Butte Cluster	10.57%
Shasta/Trinity	8.83%
Santa Clara	6.29%
Stanislaus/Merced	5.89%
Tulare	4.48%
Yolo	3.54%
SF/San Mateo	3.49%
San Joaquin	3.38%
Amador Cluster	3.11%
San Luis Obispo	3.09%

In the event that inappropriate expenditures are identified, those inappropriate expenditures will be transferred from the UC-CalFresh account to a non-UC CalFresh funding source. Also, to the extent that the inappropriate expenditures appear to be part of a systemic pattern (rather than isolated incidences) within a particular county and/or within the overall program, additional audit procedures will be performed as considered necessary. Additional procedures may include an expansion of the scope from one month to two or more, as necessary, for the counties affected, until the underlying issue has been adequately identified.

## **MAY USDA REPORT CORRECTIVE ACTIONS**

**Corrective Action #1:** Continue exploring avenues for strengthening first and second party reviews of time and effort documentation, as well as application of an error rate to teacher cost share invoiced to SNAP-Ed. This should include retention of the UC-CalFresh State Office's 100% documentation review requirements rather than moving to a sampling methodology.

**Response:** We will continue to strengthen first and second party reviews of time and effort documentation. We will retain the 100% documentation review and include a contingent withhold to cover possible error in teacher cost share invoiced to SNAP-ED. We assume that this corrective action is valid for Plan Year 2011 since teacher cost share does not appear to be required by USDA after this year.

**Audit:** Since cost share is not included in the FFY 12 plan, UC-CalFresh will leverage local support following the memo issued by CDSS dated November 23, 2011 and received from via e-mail on December 12, 2011. UC CalFresh sent out the CDSS Local Support requirements to the County programs in Program Directive 2012-01 FFY 12--Required Local Supprt. Through a telephone survey teachers will be asked about their participation, UC-CalFresh support, and for feedback; suggestions on program enhancements and needs; and on changes in observed behaviors with teachers and students. In addition, IAS will review UC-CalFresh State Office policies and procedures for retaining and documenting local support documentation and to verify it is collected and summarized into quarterly reports to be submitted to CDSS.

**Corrective Action #2:** To ensure accuracy of invoicing, implement protocols for obtaining teacher salary information directly from school district personnel offices.

**Response:** The following steps will be taken for the new school year (4th quarter of FFY 11) to verify teacher salaries:

1. UC-CalFresh Program Reps (PR's) will prepare a list of teachers by district and school that have claimed hours through Q3.
2. UC-CalFresh PR's will gather all related district or school level MOU's
3. UC-CalFresh Advisors or PR's *[whichever is better suited to gain access to information based on skill set]* will approach districts with list and accompanying MOU to request salary confirmation
4. Any districts that deny access to salary information based on privacy will be evaluated and only those teachers with a significant amount of hours / dollars should be contacted directly for approval to release information.

5. UC-CalFresh has revised the teacher enrollment forms to provide a third bullet on the enrollment forms gaining approval from the teachers to confirm salaries with school district personnel offices. This will allow for addressing this corrective action for the fourth quarter billings (or future quarters should teacher share be reimbursed as part of the state SNAP-Ed plan).

**Audit:** Verify each county has made contact with the school district office and has received appropriate salary information for teachers enrolled in UC-CalFresh who are matching time for cost share. Verification will be achieved as follows:

From participating counties, the UC-CalFresh State Office will obtain copies of documentation that the counties received from local school districts. This documentation will likely include one or more of the following: e-mail correspondence, spreadsheets, teacher listings, forms, etc. IAS will then review this documentation to ensure that each county has taken adequate means to verify teachers' salary information. In addition, IAS will randomly select two counties and call program personnel to verify that they have made contact with their local school districts.

**Corrective Action #3:** Reissue State Office directives ensuring that counties understand submitting costs based on records that have been completed in advance of the SNAP-Ed activity or completed by anyone other than the individual teacher claiming time is unacceptable and subject to billing. SNAP-Ed time records for less than 100% staff should be completed on a minimum weekly basis by the individual for whom salary costs are being invoiced and certified bi-weekly by a supervisor.

**Response:** We have issued Program Directive 2011-02 to address this Corrective Action. Bi-weekly time certification will be implemented to begin FFY 12. See Attachment IV.

**Audit:** The audit will randomly select UC staff from up to 6 counties to verify employees who are paid from more than one source of funds (not 100% SNAP-Ed) are maintaining time records that are approved on a bi-weekly basis. With the legislative changes, cost share is no longer reported federally. Teachers will be reporting on lessons and activities delivered and not claiming time for cost share purposes, therefore they will not maintain bi-weekly time records.

**Corrective Action #4:** As time spent helping teachers complete their time records each month and/or traveling to pick them up in person do not represent appropriate uses of federal funds, establish a clear policy ceasing participation in UC-CalFresh of any schools or classrooms unwilling or unable to independently complete and submit the required cost documentation. Future claims including salary and travel costs for such activities will not be reimbursed. County staff's interaction with teachers should instead primarily be spent on addressing program quality issues.

**Response:** Our records show that UC-CalFresh county staff has only rarely traveled to and from schools solely to pick up time records and that county staff spends its time primarily on program quality issues. However, we have made it an explicit policy that county staff should not travel to schools unless they are engaged in educational activities, i.e., they should not travel solely to pick up time records. Program Directive 2011-02 addresses this corrective action and it will be reinforced in trainings, town halls, and staff meetings. Given that the school year is now ended, this policy will be implemented effective with the beginning of academic year, August 2011-12.

**Audit:** Staff interaction with teachers and school staff will be reviewed during the State Office Team county program reviews and through random surveys with UC-CalFresh staff. The teacher surveys will be reviewed to verify the findings from the staff interviews are consistent with the teacher responses. Travel documents will be reviewed for appropriate travel related to UC CalFresh Nutrition Education activities and programs and feedback will be provided as needed to further refine reporting.

**Corrective Action #5:** Ensure for all federal and state share staff that benefit costs claimed reflect actual hours, rather than projected FTE, spent on activities that are allowable, reasonable and necessary to the provision of SNAP-Ed.

**Response:** As of July 1, UC-Davis and UCCE/ANR began using composite benefit rates, which are calculated on the employee's time worked. UCCE/ANR is currently implementing an on-line payroll system, which reflects current, not projected time. Additional training will be provided for staff and supervisors on recording time/hours for holiday/ vacation/sick time on UC-CalFresh on-line time reporting system. Entering the correct hours in the UC-CalFresh Online System will match the University's Payroll Personnel System.

**Audit:** The University Payroll Personnel System (PPS) will be reviewed for UC Davis campus staff to verify that time claimed reflects the time recorded for work on UC-CalFresh related activities.

**Corrective Action #6:** Provide documentation verifying that the questionable charges listed in *Exhibit B* (document not included in this report) have been reversed or clarified.

**Response:** Please see the Exhibit B spreadsheet in the attachments. This includes the corresponding responses to the identified items and justifications included in the tabs identified per the spreadsheet line item.

We note there were many items that may have been misinterpreted or mistakenly identified as non-allowable expenditures calculations by the reviewers. The responses are included in the spreadsheet in Exhibit B.

**Audit:** The audit will review the federal expenditures for one month for 50% of the participating counties as discussed in detail on p.1 under item (2) in the "Audit protocol and purpose" section of this document.

**Corrective Action #7:** Continue to work with State Office and county staff to ensure sufficient systems are in place to minimize unallowable charges to SNAP-Ed.

**Response:** UC-CalFresh will work with the administrative units in both ANR and the Dean's office of UC Davis College of Agricultural & Environmental Sciences (CAES) to continue to improve the review and auditing protocols for all federal expenses. This includes the expense ledgers, DaFIS, PPS, payroll, receipts, purchase orders, and travel. As improvements are noted, management memos and reminders will be issued to counties. Related trainings will be included in town hall meetings and staff orientation.

**Audit:** Based on the audit and as needed, recommendations will be provided to UC-CalFresh on accounting and documentation system improvement. Additionally, IAS will verify that UC-CalFresh has provided FFY 2012 Supplemental Nutrition Assistance Program-Education Guidance to both ANR and the CAES Dean's Office. In addition to Program Directive 2012-02—Travel Reimbursement Policy for UC CalFresh, a review checklist on State DPA travel rates and common unallowable items will be provided to the counties, ANR, UC CalFresh State Office analysts and CAES Dean's office administration units. University of California, Davis' Internal Audit Services (IAS) or UC-CalFresh will develop a checklist for the administrative units, ANR and the Dean's office, to ensure that all approved federal expenses are in compliance with the 2012 Supplemental Nutrition Assistance Program—Education (SNAP-Ed) Guidance and the State Plan. The checklist will consist of items that have a maximum allocation such as per diem, travel rates and a common list of unallowable items to ensure all federal expenses are spent appropriately. Both administrative units will use the checklist for each federal expense review to ensure that all federal expenses are in compliance with the SNAP-Ed Guidance until further notice from CDSS.

**Recommendation #8:** Continue exploring options for greater cost savings in program operations, including the adoption of the State of California's travel reimbursement rates and requirements.

**Response:** UC-CalFresh has sent an e-mail to all county programs to remind them that expenditures must be reasonable, necessary, and justified. They should always use the lowest cost options when purchasing items or making travel arrangements. The guidelines for state hotel rates were provided. Staff was instructed to contact the state office in advance of travel if they are unable to obtain the state rate for hotels and provide justification on the actual rates and alternative options considered. Please see Attachment IV (document not included in this report) for a copy of the e-mail notification.

**Audit:** The audit will review the federal expenditures for one month for 50% of the participating counties as discussed in detail on p.1 under item (2) in the "Audit protocol and purpose" section of this document. All travel expenditures selected for review will be audited against the State of California's travel reimbursement rates and requirements. This will be reviewed for costs following the execution of the amended Master Agreement and issuance of Program Directive 2012-02; Travel Reimbursement Policy for UC CalFresh.