



OC Community Resources

February 13, 2024

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DIRECTOR
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RENEE RAMIREZ
DIRECTOR
OC COMMUNITY SERVICES

PAMELA PASSOW
DIRECTOR
OC PARKS

JULIE QUILLMAN
COUNTY LIBRARIAN
OC PUBLIC LIBRARIES

Hand to Hand Relief Organization
Attn: Ms. Thanh Huong Nguyen, Project Manager
18350 Mount Langley St., Ste. 215
Fountain Valley, CA 92708

Subject: Program Compliance Monitoring Review CARES - Nutrition Gap Program Contract 20-27-0101-CV

Dear Ms. Nguyen:

This letter is to confirm the results of Hand to Hand Relief Organization's (Hand to Hand) Fiscal Year (FY) 2020-21 Program Compliance Monitoring Review conducted by Orange County (County) Community Services (OCCS) Contract Monitoring and Program Compliance (CM&PC) Unit.

The scope of this review focused on Hand to Hand's administration of the Nutrition Gap Program (Contract 20-27-0101-CV), funded by the Coronavirus Aid, Relief, and Economic Security (CARES).

BACKGROUND

Nutrition Gap Program (NGP) Services were designed to address food insecurity challenges caused by the COVID-19 pandemic for the most vulnerable populations including older adults, persons with disabilities and other demographics residing within the County's First Supervisorial District.

20-27-0101-CV CONTRACT INFORMATION:

Contract Term: July 17, 2020 – December 30, 2020

Contract Amount: \$1,000,000.00

Amendment 1 (*executed on 10/16/2020*)- Modified to update Attachment E. Federal Award Identification information.

PROGRAM MONITORING REVIEW RESULTS

Three (3) Findings were identified.

Finding No. 1 (Subcontracting)

Condition: Hand to Hand did not monitor their subcontractor.

OC Community Services
1300 SOUTH GRAND,
BLDG. B, SECOND FLOOR
SANTA ANA, CA 92705
PHONE: 714.480.6550
FAX: 714.480.2978

Criteria: The Contract states in Paragraph 24. Subcontracting, Second Paragraph: In part, “In the event that the Subrecipient is authorized by the County to subcontract, this Contract shall take precedence over the terms of the Contract between Subrecipient and subcontractor and shall incorporate by reference the terms of this Contract. The County shall look to the Subrecipient for performance and indemnification and not deal directly with any subcontractor. All work performed by a subcontractor must meet the approval of the County of Orange. Additional Subcontract expectations identified in Attachment A (Scope of Services)”

Cause: Hand to Hand failed to respond to multiple requests and inquiries. Mr. Joseph Yung, responded on behalf of Hand to Hand as its CPA. Mr. Yung reported on September 29, 2023, that he had not received additional documents from Hand to Hand and later reported on October 4, 2023, that Hand to Hand does not have further documents to provide.

Corrective Action: Hand to Hand, as the responsible party, must collect performance reporting and documentation to support the performance reported by their subcontractor and submit all related records for FY 2020-21 within thirty (30) calendar days of receipt of this letter. Documents must cover the term of the Contract and must include, but not limited to, general ledger/expense transaction reports, detailed performance reports, and monthly supporting documentation (i.e., Budget Schedule Forms, Performance Standards Forms, delivery schedules, and list of recipients).

Effect: Pursuant to Paragraph 46. of the Contract, Audit Requirements, Subparagraph D.: In part, “If the allowability of expenditures cannot be determined because records or documentation of Subrecipient are nonexistent or inadequate according to generally accepted accounting principles and procedures, the expenditures will be questioned in the audit and may be disallowed during the audit resolution process and may require reimbursement to the County.” Also, pursuant to Exhibit 5, OC Community Resources Contract Reimbursement policy.

Finding No. 2 (Reporting Requirements)

Condition: Hand to Hand did not maintain records to account for performance standards as mandated by the Contract.

Criteria: The Contract states in Paragraph 41. Performance Standards, Subparagraph C. Reporting Requirements: i. “Subrecipient will be required to submit records, statistical information, financial reports, and program information in electronic or paper format as required by the Contract.”

Cause: Hand to Hand did not respond to the engagement letter issued on February 24, 2023, with a due date to submit documents on March 10, 2023. CM&PC sent several follow-up requests and has not received a response to date. Hand to Hand did not submit the requested documents to meet reporting requirements. Without the requested documents we are unable to determine the number of meals delivered, participants served, participant eligibility, weekly and monthly performance as required by the Contract.

Corrective Action: Hand to Hand must submit all records for FY 2020-21 within thirty (30) calendar days of receipt of this letter. Documents must cover the term of the Contract and must include, but not be limited to, general ledger/expense transaction reports, detailed performance reports, and monthly supporting documentation (i.e., Budget Schedule Forms, Performance

Standards Forms, delivery schedules, and list of recipients). Hand to Hand must promptly provide the County with records demonstrating Hand to Hand's performance of its obligations under the Contract. The records must be sufficient to justify Hand to Hand's requests for payment under the Contract, and the County's payments thereunder, according to the Contract's requirements.

Effect: Pursuant to Paragraph 46. of the Contract, Audit Requirements, Subparagraph D.: In part, "If the allowability of expenditures cannot be determined because records or documentation of Subrecipient are nonexistent or inadequate according to generally accepted accounting principles and procedures, the expenditures will be questioned in the audit and may be disallowed during the audit resolution process and may require reimbursement to the County." The County also has rights to reimbursements pursuant to Contract Paragraph 40 (Payments), Attachment A (Scope of Services), and Exhibit 5, OC Community Resources Contract Reimbursement policy.

Finding No. 3 (Audit Requirements)

Condition: Hand to Hand has not submitted mandated Single Audit Report.

Criteria: The Contract states in Paragraph 46. Audit Requirements, Subparagraph G.i.: In part, "If the Subrecipient expends more than \$750,000 in federal funds during the term of the Contract, the Subrecipient shall arrange for an audit to be performed, and in accordance with 2 CFR Part 200, Subpart F, Audit Requirements of States, Local Governments, and Non-Profit Organizations" and complete Report Submission in accordance with 2 CFR 200.512.

Cause: Hand to Hand has failed to submit the required Single Audit Report for FY 2020-21. In addition, Hand to Hand has not submitted its Single Audit Report to the Federal Audit Clearinghouse (FAC) website. The CM&PC Unit requested a copy of the Single Audit Report from Hand to Hand on November 29, 2023, and December 18, 2023, but have not received the requested report to date.

Corrective Action: Within thirty (30) calendar days of receipt of this letter, Hand to Hand must submit the Single Audit Report for FY ending 2020 and submit the Single Audit Report to the FAC website at <https://facdissem.census.gov/Main.aspx>.

Effect: Pursuant to Paragraph 46. of the Contract, Audit Requirements, Subparagraph D.: In part, "If the allowability of expenditures cannot be determined because records or documentation of Subrecipient are nonexistent or inadequate according to generally accepted accounting principles and procedures, the expenditures will be questioned in the audit and may be disallowed during the audit resolution process and may require reimbursement to the County." Also, the requested information is required pursuant to Exhibit 5, OC Community Resources Contract Reimbursement Policy.

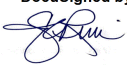
The cooperation and assistance of Hand to Hand is vital and appreciated. **The Corrective Action Plan for the Findings indicated above must be submitted by 5 p.m. on Thursday, March 14, 2024.**

Disclaimer: This review was conducted on a sample basis; therefore, this letter should not be considered a comprehensive assessment of the program factors that were monitored.

It is Hand to Hand's responsibility to ensure all corrective actions have been addressed and implemented so that their systems, programs, and outcomes comply with program laws and regulations. Deficiencies in a subsequent review, such as an audit, would remain Hand to Hand's responsibility.

If VAS is unable to demonstrate that it performed its contract obligations, made valid requests for payment/reimbursement, and the County's payments under the Contract were for allowable costs, the County may disallow the costs and require repayment to the County. The County reserves and does not waive or relinquish any rights or remedies that may be available to the County under the Contract or law including, but not limited to, the right to seek reimbursement for the payments made to Hand to Hand.

Sincerely,

DocuSigned by:

480B242F305041E...

Elsa C. Rivera
Contract Monitoring & Program Compliance Manager
OC Community Services

Cc: Renee Ramirez, Director, OC Community Services
Claudia Harris, Director, OC Office on Aging and OC Veterans Service Office.
Marco Rodriguez, Program Manager, OC Office on Aging
Michael Brewer, Compliance Analyst, Contract Monitoring & Program Compliance



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OC PUBLIC LIBRARIES

OC Community Resources

February 9, 2024

Hand to Hand Relief Organization
Attn: Thanh Huong Nguyen, President
18350 Mount Langley St., Ste. 215
Fountain Valley, CA 92708

Subject: Fiscal Monitoring Fiscal Year 2021-22
CARES Nutrition Gap Program Contract 20-27-0101-CV

Dear Ms. Nguyen,

This letter is a follow-up to the Fiscal Year (FY) 2021-22 Fiscal Monitoring conducted by Davis Farr, LLC for the Hand to Hand (HH) Relief Organization CARES Act – Nutrition Gap Program for the First Supervisorial District.

In review of the HH Fiscal Monitoring Letter, dated January 31, 2024, issued on behalf of Orange County Community Services (OCCS)/Contract Monitoring & Program Compliance (CM&PC) Unit, Davis Farr, LLC identified one (1) Finding and no Observations as follows:


Finding No. 1 – Lack of Supporting Documentation for Program Service Fees Claimed

In summary, HH did not provide access to the requested documentation as required in Paragraph Section AA (Audits/Inspections) and Paragraph 46 (Audit Requirements), Subparagraph D of the Contract. In addition, it appears that HH subcontracted a portion of the contract and did not adhere to Paragraph 24 (Subcontracting).

OCCS/CM&PC requires HH to submit a Corrective Action Plan (CAP) and demands for HH to provide all the accounting records to support the fees claimed on the invoices to the CM&PC Unit within thirty (30) calendar days of receipt of this letter.

HH is required to submit the CAP by 5 p.m. March 18, 2024.

Disclaimer: The Fiscal Monitoring was conducted on a sample basis; therefore, this letter should not be considered a comprehensive assessment of the fiscal factors that were monitored. It is the responsibility of HH to ensure that all corrective actions have been identified and addressed and that their systems, programs, and outcomes comply with fiscal and program laws and regulations. Deficiencies in a subsequent review, such as an audit, would remain HH's responsibility.

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Hand to Hand Relief Organization – PY 2021-22 Fiscal Monitoring

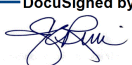
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February 9, 2024

If HH is unable to demonstrate that it performed its contract obligations, made valid requests for payment/reimbursement, and the County's payments under the Contract were for allowable costs, the County may disallow the costs and require repayment to the County. The County reserves and does not waive or relinquish any rights or remedies that may be available to the County under the Contract or law including, but not limited to, the right to seek reimbursement for the payments made to HH.

If you should have any questions, please contact Elsa Rivera at (714) 480-6460 or at Elsa.Rivera@occr.ocgov.com.

Sincerely,

DocuSigned by:

480B242F305041E...

Elsa C. Rivera
Contract Monitoring & Program Compliance Manager
OC Community Services

Enclosure:
FY 2021-22 Fiscal Monitoring Letter-Davis Farr, LLC

C:
Renee Ramirez, Director, OC Community Services
Claudia Harris, Director, OC Office on Aging and OC Veterans Service Office
Marco Rodriguez, Program Manager, OC Office on Aging
Jessica Amezcuca, Compliance Specialist, Contract Monitoring & Program Compliance



Davis Farr LLP
 18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
 Main: 949.474.2020 | Fax: 949.263.5520

January 31, 2024

Hand to Hand
 Attention: Thanh Huong Nguyen, President
 18350 Mount Langley St., Ste. 215
 Fountain Valley, CA 92708

**Re: Fiscal Monitoring of the Fiscal Year (FY) 2021-22 – Final Determination
 CARES Act- Nutrition Gap Program – COVID-19 Emergency Contracts**

Dear Ms. Nguyen:

Davis Farr, LLP, on behalf of Orange County Community Resources (OCCR), has completed the fiscal monitoring of the following program of Hand to Hand (“HH”) for the FY 2021-22 on October 5, 2023.

Contract Number	Project Fund/Program	Contract Period	Review Period	Contract Amount
20-27-0101-CV	CARES Act - Nutrition Gap Program for 1st District	07/17/2020 – 12/30/2020	07/17/2020 – 12/30/2020	\$ 1,000,000

The purpose of fiscal monitoring is to ensure that grant awards received from the County of Orange, Office on Aging Division are used for authorized purposes, and in compliance with applicable Federal and State laws and regulations.

The fiscal monitoring was performed in accordance with the American Institute of Certified Public Accountants (AICPA)’s Statements on Standards for Consulting Services and is not an audit or attestation. It is HH’s responsibility to ensure that its systems, programs, and results comply with 48 CFR Part 31 Contract Cost Principles and Procedures, 2 CFR Part 200 the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), California Department of Aging, applicable Federal and State rules and regulations, as well as the terms and conditions of the contract with OCCR. As a result, any deficiencies identified during any subsequent review, such as an audit, remain HH’s responsibility.

The prior year FY 2020-21 fiscal monitoring letter is not available nor applicable, since this is the first year HH had this contract with the County of Orange.

The fiscal monitoring for FY 2021-22 identified one finding that is considered to be a control over financial reporting or compliance deficiency.

Hand to Hand
Fiscal Monitoring of FY 2021-22 – Final Determination
CARES Act- Nutrition Gap Program – COVID-19 Emergency Contracts
January 31, 2024

Finding No.1 – Lack of Supporting Documentation for Program Service Fees Claimed

Condition

HH was unable to provide supporting documentation for the program service fees of \$166,666.66 claimed on the December 2020 invoice selected for monitoring. Furthermore, it appears that HH subcontracted a portion of the contract.

Criteria

Contract 20-27-0101-CV, Section AA states, "Subrecipient agrees to provide access to the County's Auditor-Controller or the Auditor-Controller's authorized representative (including auditors from a private auditing firm hired by the County) during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, including payroll and accounts payable/receivable records, and other papers or property of Subrecipient for the purpose of auditing or inspecting any aspect of performance under this Contract."

Section 46(D) also states in part, "Said accounting records must be supported by source documentation (such as cancelled checks, paid bills, payroll, time and attendance records, Contract and subcontract award documents, etc.), and adequate source documentation of each transaction shall be maintained relative to the allowability of expenditures under this Contract. If allowability of expenditures cannot be determined because records or documentation of Subrecipient are nonexistent or inadequate according to generally accepted accounting principles and procedures, the expenditures will be questioned in the audit and may be disallowed during the audit resolution process."

Furthermore, in Additional Terms and Conditions Section 24. Subcontracting States, "No performance of this Contract or any portion thereof may be subcontracted by the Subrecipient without advance written consent of the County. Any attempt by the Subrecipient to subcontract any performance of this Contract without the advance written consent of the County Shall be invalid and shall constitute a breach of this Contract.

In the event that the Subrecipient is authorized by the County to subcontract, this Contract shall take precedence over the terms of the Contract between Subrecipient and subcontractor and shall incorporate by reference the terms of this Contract. The Subrecipient shall select a subcontractor in accordance to Federal and/or State procurement standards. The County shall look to the Subrecipient for performance and indemnification and not deal directly with any subcontractor. All work performed by a subcontractor must meet the approval of the County of Orange. Additional Subcontract expectations identified in Attachment A."

Cause

HH is unable to provide supporting documentation to complete the monitoring. Furthermore, based on the communication received by HH, it appears that the bulk of the undertaking went through another nonprofit organization which would constitute a breach of contract.

Hand to Hand
Fiscal Monitoring of FY 2021-22 – Final Determination
CARES Act- Nutrition Gap Program – COVID-19 Emergency Contracts
January 31, 2024

Effect

Lack of supporting documentation for service fees claimed and failure to receive prior approval from the County for subcontracting requirements will lead to fees claimed being questioned and disallowed, which will require HH to return all disallowed fees claimed.

Recommendation

We recommend that HH provide all accounting records to support the service fees claimed on the monthly invoice. In addition, we recommend that HH obtain an approval from the County prior to subcontracting any portion of the contract to a third party.

Conclusion

HH was given a reasonable amount of time to provide a response on the finding. However, as of the date of this letter, we have not received a response from HH.

The cooperation of HH's staff during the monitoring is greatly appreciated. If you have any questions, please contact me at gho@davisfarr.com.

Sincerely,

DAVIS FARR LLP



Gordon Ho, CPA, MBA
Partner

cc: Elsa C. Rivera, CM & PC Manager
Orange County Community Services, Contract Monitoring & Program Compliance