



**OFFICE OF THE COUNTY COUNSEL
COUNTY OF ORANGE**

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Leon J. Page
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August 7, 2024

VIA U.S. MAIL & E-MAIL

Mr. Sterling Scott Winchell
Attorney for Viet America Society
3 Hutton Centre, Suite 900
Santa Ana, CA 92707
Email: vietamericasociety@gmail.com

Re: Demand to Viet America Society and its Officers for Return of Contract Funds,
Submission of Required Reports, and Preservation of Records

Dear Mr. Winchell:

We are writing regarding the multiple contracts your client, Viet America Society ("VAS") has with the County of Orange ("County"). As you know, two of these contracts have been the subject of attempted audits, following several months of communications between the County and VAS regarding notable and extensive contract performance deficiencies. VAS has failed to provide any documentation or support to alleviate the County's belief that VAS is in material breach of these contracts.

The County has been demanding documentation for months from VAS. Recently, VAS offered up its auditor, The Pun Group LLP, to assist with obtaining the required supporting documents and its final audit on two of the contracts. On July 23, 2024, The Pun Group reported to VAS that it would: (1) issue a material scope limitation on the audit; (2) identify internal control failures; and (3) be unable to test whether VAS performed work under its contracts with the County because VAS failed to provide invoices and contracts to substantiate its alleged work. The next day, on July 24, 2024, VAS fired The Pun Group LLP. Without the final audit VAS promised, the County's OC Community Resources Department ("OCCR") issued findings that VAS failed to meet its obligations under its contracts with the County.

Accordingly, the County hereby demands that your client, VAS, and its officers: (1) return funds the County provided to VAS through contracts administered by OCCR; (2) submit reports required under "District Discretionary Funds Contracts" as identified below; and, (3) preserve all records related to contracts and subcontracts involving the County, and records involving the receipt, retention, or expenditure of County funds. We discuss each of the currently at issue contracts below.

Mr. Sterling Scott Winchell
Attorney for Viet America Society
August 7, 2024
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OC Community Resources Administered Contracts

On January 6, 2021, the County entered into a contract with VAS for Nutrition Gap Program Services (MA-012021010980) for the contract term of December 31, 2020, through February 2, 2021, in the amount \$200,000 (“CARES Contract”). Under this contract, VAS was required to, among other things: account for its performance as set forth in the contract and maintain records; substantiate the number of meals it delivered; support the number of participants it served; and, confirm the eligibility of these participants. In addition, VAS was required to have robust document retention policies and procedures. Finally, VAS was required to report any suspected fraudulent, criminal, or abusive behavior by VAS or any of its subcontractors. The CARES Contract allowed for the County to disallow expenses and seek reimbursement if the allowability of an expenditure could not be determined because of insufficiency of records or documentation. VAS received \$200,000 of CARES Act funding under this CARES Contract. Additionally, VAS was required to conduct a single audit pursuant to the Single Audit Act of 1994 (Single Audit).

On May 3, 2021, the County contracted with VAS, for Nutrition Gap Program Services in the amount of \$999,996 (MA-012021011525) to be paid with American Rescue Plan Act funds (the “ARPA Contract”). The ARPA Contract was subsequently amended, increasing the contract amount to a total of \$3,999,996, with an expiration date of May 31, 2023. Under this contract, VAS was required to provide a full accounting of the funds expended and to provide sufficient documentation to demonstrate participant eligibility and the number of meals it provided on a weekly and monthly basis. The contract also had provisions similar to those found in the CARES Contract on maintaining records, reporting fraud, performing a single audit, and returning disallowed funds.

The County made extensive efforts to secure VAS’s performance and compliance with these contracts’ requirements. Initially, the County’s audit firm issued reports outlining VAS’s deficiencies and requested information from VAS to determine the extent of VAS’s performance. Subsequently, the County issued letters to VAS wherein the County demanded VAS’s production of information and records as required under these contracts. The County also requested VAS hire an independent auditor to complete a single audit as required under the contracts and federal law. Throughout this process, VAS represented that it was in the process of, or had, provided the necessary information and supporting documentation to the audit firm it hired to complete a single audit. Despite VAS’s representations, the County learned in July 2024 that VAS’s auditor had been prevented from completing its audit because VAS had failed to provide the auditor with significant amounts of information. On Tuesday, July 23, 2024, the County was informed that due to VAS’s lack of controls, records, or verifiable information, the audit firm would not be able to complete a proper audit and would issue adverse findings and scope limitations in its audit report, as discussed above. The day after VAS’s audit firm disclosed the details regarding its forthcoming audit, on July 24, 2024, the County received notice from the auditor that VAS would be terminating its audit engagement with its audit firm. VAS’s decision to terminate its auditor prevented the County from determining the extent of VAS’s performance and obtaining the single audit report.

Mr. Sterling Scott Winchell
Attorney for Viet America Society
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On July 26, 2024, the County issued final performance and fiscal monitoring reports to VAS for the CARES Contract and ARPA Contract. Attachment A. The reports concluded that VAS had not provided documentation sufficient to address adverse findings and observations made in prior monitoring reports including VAS's improper accounting of funds, inadequate record keeping and documentation, failure to report performance or provide the County with records sufficient to establish performance, questionable and unexplained expenses, disallowed costs, failure to establish performance metrics were satisfied, improper use of subcontractors, and other failures to perform the contracts' requirements. The County demanded repayment of the funds under these contracts because VAS did not demonstrate that it performed as required under the Contracts and VAS materially failed to perform multiple contract obligations.

Based on VAS's failure to perform its obligations under the CARES Contract and APRA Contract,¹ the County hereby demands VAS immediately return all funds it received from the County under each of those contracts, totaling \$4,199,996.

District Discretionary Funds Contracts

The County also entered into a Discretionary District Beneficiary Agreement contract with VAS for Nutrition Gap Program Services (State and Local Fiscal Recovery Funds ("SLFRF Contract")). The term of the Contract was from December 20, 2022, to June 30, 2023. The amount of the grant to VAS under the initial Contract was \$200,000. On March 3, 2023, the parties entered into a First Amendment to the SLFRF Contract. The First Amended SLFRF Contract amended the SLFRF Contract to increase the grant amount by \$2,000,000 for an amended maximum obligation of \$2,200,000.

VAS was required to expend the grant award solely for purposes of providing Nutrition Gap Services and agreed to maintain all records in accordance with County requirements. Further, VAS must make available for examination all of its records with respect to all matters covered by the Contract. VAS also agreed to provide any reports requested by the County regarding performance of the Contract. VAS must also provide supporting documentation to substantiate VAS's expenses with respect to VAS's use or expenditure of monies provided by the County to VAS under the Contract.

On August 11, 2023, VAS entered into a Discretionary District Beneficiary Agreement with the County for Senior Congregant Meal Program to provide meals through June 30, 2024, to seniors and residents with disabilities for a one-time payment of \$3,000,000. Similar to the SLFRF Contract, VAS was required to utilize contract funds solely for the Senior Congregant Meal Program and immediately return any funds not used for that purpose. In addition, VAS agreed to maintain all records in accordance with requirements prescribed by the County and must retain them for period of four years after termination of the contract. Finally, VAS is

¹ VAS's breaches include, but are not limited to, those identified in the County's monitoring reports and demand letters. The County will continue to discover the extent of VAS's failures and pursue all available remedies.

Mr. Sterling Scott Winchell
Attorney for Viet America Society
August 7, 2024
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required to report its expenditures under the contract to the County with a certification by VAS's president that the expenditures were used solely for the Senior Congregant Meal Program.

On September 27, 2023, VAS entered a Discretionary District Beneficiary Agreement with the County for the design, construction, and maintenance of the Vietnam War Memorial at Mile Square Park for a one-time payment of \$1,000,000. As with the SLFRF Contract and Senior Congregant Meal Program Contract, VAS was required under the Vietnam War Memorial Contract to use the contract funds solely for the Vietnam War Memorial and immediately return any funds not used for that purpose. VAS agreed to maintain all records in accordance with requirements prescribed by the County and must retain them for a period of four years after termination of the contract. VAS is required to report its expenditures under the contract to the County with a certification by VAS's president that the expenditures were used solely for the Vietnam War Memorial.

With respect to the District Discretionary Funds Contracts, the County hereby demands the following:

- (1) VAS produce all records related to the SLFRF Contract, Senior Congregant Meal Program Contract, and Vietnam War Memorial Contract (collectively, the "District Discretionary Funds Contracts");
- (2) VAS produce the Final Reports as required under each of the District Discretionary Funds Contracts; and,
- (3) VAS immediately return any funds VAS received under any of the District Discretionary Funds Contracts that VAS failed to spend in accordance with each of those contracts' terms.

Preservation of Records

The County demands VAS, its officers, contractors, and agents (including but not limited to you), preserve and maintain all of its records and data related to the CARES Contract, APRA Contract, District Discretionary Funds Contracts, Hand to Hand Relief Organization, and the County of Orange (including but not limited to its officers, employees, departments, and recipients of publicly funded services).

This demand for preservation includes all tangible, hard copies of documents as well as all electronically stored information ("ESI"). ESI includes emails, other electronic communications, word processing documents, spreadsheets, etc., which are important sources of potential evidence in this matter and must be preserved.

This preservation demand applies to records in any form, wherever kept. The definition of "documents" includes all letters, e-mails, instant/text messages, chats, social media, drafts, informal files, desk files, handwritten notes, faxes, memoranda, forms, calendar entries, address

Mr. Sterling Scott Winchell
Attorney for Viet America Society
August 7, 2024
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book entries, voice mail, and any other records stored in hard copy, electronic form, or any other medium, that relate in any way to the topics described above.

Any relevant electronic data created after receipt of this letter should be preserved in a manner consistent with the directions in this letter.

Failure to take every reasonable step to preserve the foregoing information could result in severe penalties and/or sanctions against VAS and its officer. None of this information should be destroyed, purged, or deleted pending the final resolution of any legal proceedings.

Conclusion

As you know, on April 8, 2024, the Los Angeles Times reported:

Winchell said he did not know exactly how much money was actually delivered to the nonprofit. He said it “could be true” that \$13.5 million was allocated, but not distributed.

“If you don’t do the job, you’re not getting 5 cents,” he said.

VAS received well over a total of \$10 million in public funds in connection with the OCCR Administered contracts and the District Discretionary Funds contracts discussed above, which were required to be used for the specific purposes stated in each of those contracts. Based upon the lack of documentation provided thus far from VAS, the County has no way to verify the funds were utilized for their intended purposes. If the County does not receive the requested funds and documentation demanded above on or before August 26, 2024, my office will be recommending filing litigation in the California Superior Court, seeking any and all available legal remedies.

Very truly yours,

LEON J. PAGE
COUNTY COUNSEL



County Counsel

LJP:vl
Attachment

ATTACHMENT A



DYLAN WRIGHT
DIRECTOR
OC COMMUNITY RESOURCES

CYMANTHA ATKINSON
ASSISTANT DIRECTOR
OC COMMUNITY RESOURCES

JOANNE VEEDOR
DIRECTOR
ADMINISTRATIVE SERVICES

MONICA SCHMIDT
DIRECTOR
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JULIA BIDWELL
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RENEE RAMIREZ
DIRECTOR
OC COMMUNITY SERVICES

PAMELA PASSOW
DIRECTOR
OC PARKS

JULIE QUILLMAN
COUNTY LIBRARIAN
OC PUBLIC LIBRARIES

OC Community Resources

July 26, 2024

Sent via overnight courier and Email to:

ppham@warnerwellnesscenter.com and sswinchell@netzero.com

Sterling Scott Winchell
Attorney for Viet America Society
3 Hutton Centre, Suite 900
Santa Ana, CA 92707

Viet America Society (VAS)
Attn: Peter Pham, Chief Executive Officer
17801 Santa Anita Circle
Fountain Valley, CA 92708

Subject: **Fiscal Monitoring Fiscal Year (FY) 2020-21
CARES Nutrition Gap Program Contract MA-012-21010980**


Dear Mr. Pham:

This letter acknowledges receipt of the Corrective Action Plans (CAPs) received during a series of meetings and emails. These CAPs were collected to fulfill the required documentation for the Fiscal Year (FY) 2020-2021 Fiscal Monitoring of VAS' Contract MA-012-21010980 (Contract), conducted by Davis Farr, LLC on behalf of the Orange County (County) Community Services (OCCS) Contract Monitoring and Program Compliance (CM&PC) Unit.

The County hosted a series of reoccurring meetings to obtain weekly updates on the status of requested documentation and the Single Audit Report that VAS has failed to secure. The combination of the multiple documents reviewed, various revisions received, and the latest update received during the July 23, 2024 meeting, demonstrates that the actions taken by VAS for the following findings do not satisfy the expectations outlined in the Fiscal Monitoring Letter dated February 9, 2023 or the Contract's requirements.

Finding No. 1 – Funds Received Under the Contract Were Not Accounted for Separately from Other Funds

VAS was required to submit accounting records solely containing monies provided in this Contract, as well as a General Ledger (GL) showing all grant funds spent. VAS failed to provide records solely containing monies related to the Contract grant and did not provide an explanation of the various expenditures.

 **OC CommunityService**
1300 SOUTH GRAND,
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SANTA ANA, CA 92705
PHONE: 714.480.2801
FAX: 714.480.2978

Viet America Society (VAS) – PY 2020-21 Fiscal Monitoring

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July 26, 2024


Finding No. 2 – Inadequate Documentation Provided

VAS was required to submit program performance standards, a monthly list of recipients, and accounting records for this Contract. VAS submitted modified records; however, the documentation remains unsubstantiated. For example, a sampling of 275 participant applications were verified against the participant list which resulted in only 52 (19%) participants validated. Therefore, the monthly performance standards report submitted were unable to be confirmed. Also, invoices, purchase orders, and receipts were not provided to validate and support expenditures.

Without the required documentation and reporting, it is hereby determined that VAS failed to demonstrate it performed its contractual obligations, made valid requests for payment/reimbursement, and that the County's payments under the Contract were for allowable costs. Due to VAS's failure to substantiate the work performed under the Contract, the County is requiring full reimbursement in the amount of \$200,000.00.

Disclaimer: This 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 VAS' responsibility to ensure all corrective actions have been identified and addressed. It is also VAS' responsibility to ensure its systems, programs, and outcomes comply with fiscal and program laws and regulations. Deficiencies identified in a subsequent review, such as an audit, would remain VAS' responsibility.¹

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, Office on Aging and Veterans Service Office

Marco Rodriguez, Program Manager, Office on Aging

Jessica Amezcua, Compliance Specialist, Contract Monitoring & Program Compliance

¹ This letter does not limit or waive any rights of OC Community Resources or the County of Orange, including but not limited to their rights to disallow and recover funds provided to VAS. The demand for reimbursement made herein arises out of the County's monitoring of fiscal year 2021/2022 only.



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July 26, 2024

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Sterling Scott Winchell
Attorney for Viet America Society
3 Hutton Centre, Suite 900
Santa Ana, CA 92707

Viet America Society (VAS)
Attn: Peter Pham, Chief Executive Officer
17801 Santa Anita Circle
Fountain Valley, CA 92708

**Subject: Program Compliance Monitoring Review
CARES - Nutrition Gap Program Services MA-012-21010980
(Contract)**

Dear Mr. Pham:

This letter acknowledges receipt of the Corrective Action Plan (CAPs) received during a series of meetings and emails. These CAPs were collected to fulfill the required documentation for the Fiscal Year (FY) 2020-2021 Program Compliance Monitoring Review, conducted by the Orange County (County) Community Services (OCCS) Contract Monitoring and Program Compliance (CM&PC) Unit.

The County hosted a series of reoccurring meetings to obtain weekly updates on the status of requested documentation and the Single Audit Report VAS has failed to secure. After review of the multiple documents, including various revisions received, and the latest update provided during the July 23, 2024 meeting, the actions taken to address the following findings identified in the Program Compliance Monitoring Letter dated February 13, 2023, do not satisfy the contractual requirements and expectations.

Finding No. 1 (Reporting Requirements)

VAS was required to submit documents covering the term of the Contract. These documents must include, but are 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). VAS was required to provide the County with accurate records demonstrating the performance of its obligations under the Contract. These records must be sufficient to justify VAS's requests for payment under the

Contract, and the County's payments thereunder, according to the Contract's requirements.

In reviewing the documents submitted, it was evident that VAS did not properly adhere to the requirements of the Contract. The documents submitted remain questionable, inconclusive, or incomplete. For example:

- The general ledgers (GLs) provided as documentation under this Contract, included unexplained transactions that raise concerns of potential commingling of funds and questionable transitions. VAS has refused to provide explanations or supporting documentation to address these questionable transactions. For example, VAS's general ledger listed the following expenditures:
 - Outside Contract Services Expenditures; \$57,348.55
 - Outside Contract Services-SS; \$10,000
- When questioned about the \$20,000 Donation-SS to Santa Anita Neighborhood, VAS claimed they had a subcontractor agreement. VAS provided a list of participants from the Santa Anita Neighborhood; however, VAS could not provide an executed agreement and proof of approval to subcontract with Santa Anita Neighborhood.
- VAS did not provide copies of invoices for Food Supplies expenditures totaling \$119,063.80, as requested.
- VAS did not explain two deposits from Aloha Financial Investments for \$100,000 each, a total of \$200,000; and two separate deposits in the same amount listed under the Direct Public Support-Other category from the County of Orange.
- VAS's performance reports were revised multiple times and the credibility of the reports submitted was questionable. VAS originally reported that they served 20,000 meals per month and later revised their reported service to 10,000 meals per month without variance in weekly participation throughout the Contract term.
 - VAS did not document or report participants who dropped out of the program or new participants added week to week.
- The performance standards, budget summary and delivery reports could not be confirmed.
- VAS provided 900 participant applications, but in a batch of 275 reviewed and compared against the participant list provided, only 52 (19%) participants could be validated. Examples of errors identified:
 - Duplicated applications received
 - Duplicated participants listed
 - Applications dated after the term of the Contract
 - Applications unable to be validated due to one or more of the following criteria:
 - Name
 - Address
 - Phone number
 - Date of birth


Without accurate documentation to support expenditures claimed, the expenditures are determined to be disallowed and are subject to reimbursement to the County. As demonstrated above, VAS has failed to provide sufficient documentation to support its claims for payment to the County under the Contract referenced above. The terms of the Contracts and Code of Federal Regulations authorize the County to seek reimbursement as stated herein. VAS's failure to provide, and maintain, adequate documentation for its claims for payments made to the County is inconsistent with the federal statutes and regulations VAS was obligated to comply with and constituted a breach of the Contract. VAS is required to reimburse the funds under the following Contract sections and regulations, among others: Section 22 (Subcontracting), Section 39 (Performance Standards), Section 44 (Audit Requirements), Attachment A (Scope of Services), and Exhibit 5, (OC Community Resources Contract Reimbursement Policy). VAS must reimburse the County \$200,000.

Payment is due within 30 days, but no later than Monday, August 26, 2024. Payment can be mailed to:

Orange County Community Services
Attn: Renee Ramirez, OCCS Director
1300 S. Grand Ave., Bldg. B, 2nd Floor
Santa Ana, CA 92705

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 VAS.¹

Sincerely,

DocuSigned by:

480B242F305041E...

Elsa C. Rivera
Contracts 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

¹ This letter does not limit or waive any rights of OC Community Resources or the County of Orange, including but not limited to their rights to disallow and recover funds provided to VAS. The demand for reimbursement made herein arises out of the County's monitoring of fiscal year 2021/2022 only.



DYLAN WRIGHT
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July 26, 2024

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Attorney for Viet America Society
3 Hutton Centre, Suite 900
Santa Ana, CA 92707

Viet America Society (VAS)
Attn: Peter Pham, Chief Executive Officer
17801 Santa Anita Circle
Fountain Valley, CA 92708

Subject: **Fiscal Monitoring Fiscal Year (FY) 2021-22
ARPA Nutrition Gap Program Contract MA-012-21011525**


Dear Mr. Pham:

This letter acknowledges receipt of the Corrective Action Plans (CAPs) received during a series of meetings and emails. These CAPs were collected to fulfill the required documentation for the Fiscal Year (FY) 2021-2022 Fiscal Monitoring of VAS's Contract MA-012-2101125 (Contract), conducted by Davis Farr, LLC on behalf of the Orange County (County) Community Services (OCCS) Contract Monitoring and Program Compliance (CM&PC) Unit.

The County hosted a series of reoccurring meetings to obtain weekly updates on the status of requested documentation and the Single Audit Report that VAS has failed to secure. The combination of the multiple documents reviewed, various revisions received, and the latest update received during the July 23, 2024 meeting demonstrates that the actions taken by VAS for the following findings do not satisfy the expectations outlined in the Fiscal Monitoring Letter dated February 9, 2023 or the Contract's requirements.

Finding No. 1 – Lack of Single Audit

VAS was required to submit the Single Audit Reports (SAR) for FY ending 2021 and 2022 and upload the SARs to the Federal Clearinghouse Website within 30 days. VAS procured an auditor and provided a copy of the engagement letter which stated the SAR would be completed June 30, 2024. VAS did not meet this deadline and has not submitted SARs to date. Moreover, during the conference call/Teams meeting held on Tuesday, July 23, 2024, that included VAS, its auditor, and the County, the senior auditor


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Viet America Society (VAS) – PY 2021-22 Fiscal Monitoring

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July 26, 2024

stated that based on VAS's descriptions of its operations, controls, and verbal contracts, the auditor believed that VAS would not be able to provide sufficient information to properly complete the audit. The auditor stated that VAS lacked internal controls, did not follow the federal uniform guidelines, did not follow the funding source guidance, and lacked records necessary to establish an audit trail. As a result, the auditor stated its intention to: (1) issue a material scope limitation on the audit report; and (2) make material weakness findings. The day after the auditor disclosed the details regarding its forthcoming audit, on July 24, 2024, we received notice that VAS was terminating its audit engagement with its audit firm. VAS's decision to terminate the auditor after receiving the negative information undermined the County's efforts to determine the extent to which VAS performed. To date, VAS has not demonstrated that it performed as required under the Contract, and the information VAS has produced shows that VAS failed to perform multiple Contract obligations.

Finding No. 2 – Funds Received Under the Contract Were Not Accounted for Separately from Other Funds

VAS was required to submit accounting records solely containing monies provided in this Contract, as well as a General Ledger (GL) showing all grant funds spent. VAS failed to provide records solely containing monies related to the Contract grant and did not provide an explanation of the various expenditures.

Finding No. 3 – Inadequate Documentation Provided

VAS was required to submit program performance standards, a monthly list of recipients, and accounting records for this Contract. VAS submitted modified records; however, the documentation remains unsubstantiated. For example, a sampling of 300 participant applications were verified against the participant list which resulted in only 49 (16%) applications validated. Therefore, the monthly performance standards report submitted were also unable to be confirmed. Invoices, purchase orders, and receipts were not provided to support expenditures.

Without the required documentation and reporting, it is hereby determined that VAS failed to demonstrate it performed its contractual obligations, made valid requests for payment/reimbursement, and that the County's payments under the Contract were for allowable costs. Due to VAS's failure to substantiate the work performed under the Contract, the County is requiring full reimbursement in the amount of \$1,999,996.00.

Disclaimer: This 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 VAS' responsibility to ensure all corrective actions have been identified and addressed. It is also VAS' responsibility to ensure its systems, programs, and outcomes comply with fiscal and program laws and regulations. Deficiencies identified in a subsequent review, such as an audit, would remain VAS' responsibility.¹

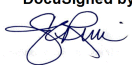
¹ This letter does not limit or waive any rights of OC Community Resources or the County of Orange, including but not limited to their rights to disallow and recover funds provided to VAS. The demand for reimbursement made herein arises out of the County's monitoring of fiscal year 2021/2022 only.

Viet America Society (VAS) – PY 2021-22 Fiscal Monitoring

Page 2 of 2

July 26, 2024

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, Office on Aging and Veterans Service Office

Marco Rodriguez, Program Manager, Office on Aging

Jessica Amezcua, Compliance Specialist, Contract Monitoring & Program Compliance



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Community Resources

July 26, 2024

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Attorney for Viet America Society
3 Hutton Centre, Suite 900
Santa Ana, CA 92707

Viet America Society (VAS)
Attn: Peter Pham, Chief Executive Officer
17801 Santa Anita Circle
Fountain Valley, CA 92708

**Subject: Program Compliance Monitoring Review
ARPA - Nutrition Gap Program Services MA-012-21011525
(Contract)**

Dear Mr. Pham:

This letter acknowledges receipt of the Corrective Action Plans (CAPs) received after a series of meetings and emails. The CAPs were collected to fulfill the required documentation for the Fiscal Year (FY) 2021-2022 Compliance Monitoring Review, conducted by the Orange County (County) Community Services (OCCS) Contract Monitoring and Program Compliance (CM&PC) Unit.

The County hosted a series of reoccurring meetings to obtain weekly updates on the status of requested documentation including the Single Audit Reports that were scheduled to be completed on June 30, 2024 but VAS failed to secure. After reviewing VAS's submitted documents and revised documents, as well as the update provided during the July 23, 2024, meeting, the actions taken to address the following findings do not satisfy the Compliance Monitoring Report dated February 13, 2023 or the Contract's requirements.

Finding No. 1 (Reporting Requirements)

The Compliance Monitoring Report required VAS to submit documents covering the term of the Contract. These documents must include, but are 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).

VAS was to promptly provide the County with records demonstrating performance of its obligations under the Contract. These records must be sufficient to justify VAS's requests for payment under the Contract, and the County's payments thereunder, according to the Contract's requirements.

In reviewing the documents received, VAS did not properly adhere to the requirements of the CAPs and submitted documents that were questionable, inconclusive, or missing. For example:

- The general ledgers (GLs) provided for this Contract's May 3, 2021 – May 31, 2022, monitoring review period, included unexplained transactions that raise concerns of potential commingling of funds and questionable costs. VAS has refused to provide explanations or supporting documentation for these questioned items. For example, VAS's general ledgers included the following:
 - **2021 General Ledger**
 - Direct Public Support deposits including \$1,179,968.20 from Aloha Financial Investment and \$166,666.00 from Behavioral Health Solutions
 - Outside Contract Service expenditures including \$100,000.00 paid to Behavioral Health Solutions
 - VAS did not provide the requested invoices for Food Supply expenditures including \$154,000.00 paid to Hand-to-Hand.
 - Rent payment expenditures including \$5,000.00 paid to Huntington Partner
 - **2022 General Ledger**
 - Miscellaneous Revenue totaling \$17,300.00, referencing Aloha Financial Investment
 - Outside Contract Services referencing a \$100,000.00 payment to Behavioral Health Solutions and \$18,000.00 to Rhiannon Do.
 - Donations paid in the amount of \$104,125.00.
 - VAS did not provide the requested invoices for Food Supply expenditures totaling \$329,525.96.
- VAS's performance reports were revised multiple times and the credibility of the reports submitted are questionable. VAS originally reported that they served 20,000 meals per month and later revised their reported service to 10,000 meals per month without variance in weekly participation throughout the Contract term.
 - VAS did not document or report participants who dropped out of the program or new participants added week to week.
- VAS provided 900 participant applications to the County. The County conducted a random sample of 300 applicants and reviewed the sample against VAS's submitted participant list. Only 49 applications, or 16%, could be validated against the participant list provided. Inconsistencies included:

- Duplicated participants
- Applicants unable to be validated on one or more of the following criteria:
 - Name
 - Address
 - Phone number
 - Date of birth
- VAS's performance standards, budget summary and delivery reports could not be confirmed.
- VAS stated it used subcontractor(s) during the term of the Contract, but VAS was unable to provide the County with any contractual service agreement(s) or submit subcontractor documentation of work performed.

Finding No. 2 (Audit Requirements)

The Monitoring report required VAS to provide a copy of their Single Audit Reports for Fiscal Year ending 2021 and 2022 and submit the Single Audit Reports to the Federal Audit Clearinghouse (FAC) Website within 30 days.

In April 2024, VAS notified the County that they had procured the CPA firm, the Pun Group, to conduct their Single Audit Reports with an expected completion date of June 30, 2024. The County and VAS representatives held regular meetings to request status updates on the completion of the audit. Although VAS represented that it was, and had, provided the necessary information and supporting documentation to the Pun Group, and the Single Audit was on track to be completed by June 30, 2024, VAS disclosed to the County in July 2024 that the Pun Group could not timely complete the Single Audit Reports because VAS had failed to provide significant amounts of information.

Moreover, during a meeting held on Tuesday, July 23, 2024, that included VAS, the Pun Group, and the County, the Pun Group's senior auditor informed the County and VAS that based on VAS's descriptions of its operations, controls, and verbal contracts, the Pun Group believed that VAS would not be able to provide sufficient information to properly complete the audit. Pun Group stated that VAS lacked internal controls, did not follow the federal uniform guidelines, and did not follow funding source guidance. The Pun Group specifically stated that VAS's accounting for meals and participant lists were problematic, and VAS does not have the records necessary to establish an audit trail. As a result, the Pun Group stated its intention to: (1) issue a material scope limitation on the audit report; and (2) make material weakness findings that list the specific sections of the uniform guidance and applicable rules that VAS failed to follow or that Pun Group had insufficient information to test. Pun Group also stated that its report would list VAS's internal control failures, insufficient record keeping, and conclude certain information could not be tested.

On July 24, 2024, the Pun Group, notified the County that VAS was terminating its audit engagement with the audit firm. VAS's decision to terminate the Pun Group undermines the County's extensive efforts to determine VAS's performance under the terms of the Contract.

Without accurate documentation to support the expenditures VAS claimed, the expenditures are hereby determined to be disallowed and are subject to reimbursement to the County. As demonstrated above, VAS has failed to provide sufficient documentation to support its claims

for payment to the County under the Contract referenced above. The terms of the Contract and Code of Federal Regulations authorize the County to seek reimbursement as stated herein. VAS is required to reimburse the funds under the following Contract sections and regulations, among others: Section 22 (Subcontracting), Section 39 (Performance Standards), Section 44 (Audit Requirements), Attachment A (Scope of Services), and Exhibit 5, (OC Community Resources Contract Reimbursement Policy). Due to VAS's failure to substantiate the work performed as required by the terms of the Contract, the County is requesting full reimbursement in the amount of \$1,999,996.00.

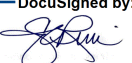
Payment is due within 30 days, but no later than Monday, August 26, 2024. Payment can be mailed to:

Orange County Community Services
Attn: Renee Ramirez, OCCS Director
1300 S. Grand Ave., Bldg. B, 2nd Floor
Santa Ana, CA 92705

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 VAS.¹

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 VAS'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 VAS's responsibility.

Sincerely,

DocuSigned by:

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Elsa C. Rivera
Contracts 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

¹ This letter does not limit or waive any rights of OC Community Resources or the County of Orange, including but not limited to their rights to disallow and recover funds provided to VAS. The demand for reimbursement made herein arises out of the County's monitoring of fiscal year 2021/2022 only.