



**Approved Minutes of the
SPECIAL Virtual Meeting
of the
PSA 2 Area Agency on Aging
EXECUTIVE BOARD**

October 29, 2020

1. Call to Order & Flag Salute

Executive Board Chairman, Supervisor Cullins, called the meeting to order at 3:00 p.m. followed by the flag salute.

2. Roll Call

Executive Board Members Present:

Supervisor David Teeter, Mae Sherman, Supervisor Pat Cullins, Roberta Hohman, Supervisor Steve Morgan, Supervisor Ed Valenzuela, Supervisor Lisa Nixon, and Supervisor John Fenley. A quorum was established.

Executive Board Members Absent:

Supervisor Jeff Hemphill (alt., EX.), Supervisor Ned Coe (alt. EX.), Supervisor Les Baugh (EX.), Ann Morningstar (alt. EX.), Marie Ingram (EX.), and Supervisor Judy Morris (alt. EX.).

Guests Present:

Teri Gabriel, PSA 2 Executive Director; Andrea Sutton, PSA 2 Fiscal Analyst; Cheryl Rushton, PSA 2 Administrative Clerk III; Darlene Walsh, Lassen Senior Services Chairman; Penny Artz, Lassen Senior Services Executive Director; Doug Donnahoo, Lassen Senior Services Board Member; Martha Horan, Lassen Senior Services Board Member; Abby Gracia, formerly with Williams and Co. CPA; John Williams, CPA, Williams and Co.; Kerry Cobb, Lassen Senior Services Board Member; Cathy Maggard, Lassen Senior Services Board Member; and Charles Pillon, PSA 2 CPA.

3. Approval of Agenda*

MSP: Supervisor Morgan motioned for the approval of the agenda, seconded by Supervisor Valenzuela, all aye, motion carried.

4. Open Session

No comments.

5. Approval to Accept PSA 2 AAA Findings Related to the Lassen Senior Services, Inc. FY 19/20 Audit* -

Director Gabriel explained that PSA 2 AAA staff has been working under the guidance of Charles Pillon, CPA to conduct PSA 2's FY 19/20 Single Audit. In doing so, PSA 2 has focused on an area of concern with the fiscal monitoring of Lassen Senior Services' (LSS) FY 19/20 Closeout in which unauthorized equipment purchases with PSA 2 funding was discovered. Communication was made to the LSS Executive Director and LSS Board Chairman requesting the funding be returned in the amount of approximately \$18,000. The funding has since been returned to PSA 2. In response to that concern, CPA Charles Pillon and the California Department of Aging requested that PSA 2 conduct a review of the entire fiscal year reporting for LSS. Documentation to support reported expenditures reported to PSA 2 was provided by the Executive Director of LSS; however, it was determined that there remained unsubstantiated and disallowed expenses. Charles Pillon, CPA further requested that other grants awarded to LSS be reviewed. PSA 2 staff requested documentation from the Lassen Transit Service Agency (LTSA) and the Lassen Plumas Sierra Community Action Agency (LPSCAA) grants from the LSS Executive Director; however, the requests went unanswered. PSA 2 staff retrieved the documentation directly from the LTSA and LPSCAA grant administrators and determined that the program expenses reimbursed by PSA 2 had been double billed and also reimbursed by the LTSA and LPSCAA grants.

There also remained concern with the status of the Families First Coronavirus Relief Act (FFCRA) funding released to LSS in April 2020 in the amount of approximately \$35,000. The funds were meant to support additional meals served to older adults during the pandemic. Despite many requests for information from LSS, at this time, there is still no evidence from LSS to indicate how the funding was spent, if it is currently being used to support the program or if the funding remains available for program services. Attempts to receive this information have been made by Certified Mail and email to the LSS Executive Director and the LSS Board Chairman.

The review of the LPSCAA grant indicated that \$30,203.48 was double billed and reimbursed to LSS; for the LTSA grant, \$14,603.52 was double billed and reimbursed to LSS; and unsubstantiated and disallowed expenses totaled \$14,845.03 for a total of \$59,652.03 which is potentially due to PSA 2. With the lack of response from LSS, PSA 2 was encouraged by its CPA to seek the assistance of Lassen County District Attorney to recover the funds due to PSA 2. Director Gabriel further explained that CDA confirmed PSA 2 is responsible for recovering the funds for disallowed or unsubstantiated expenses as they are of great concern.

Charles Pillon, CPA added that this monitoring conducted by the AAA is a required process as the funding is provided through a federal grant which is administered by the state to PSA

4a

11/02/20

2 and contracted out to service providers (subrecipients). The oversight of the funding is done in accordance with federal standards to ensure expenses charged to the grant are allowable and meet all requirements for the use of the funding. A similar review takes place when auditing PSA 2's federal and state funding awards. The review of LSS was not a targeted process. It was a monitoring which was conducted as routine. Mr. Pillon commended the PSA 2 staff for the monitoring conducted with LSS and other subrecipients. He further stated that he reviewed the materials of the LSS monitoring to verify the findings determined by PSA 2.

Darlene Walsh, Chairman of LSS, introduced Abby Gracia who commented on the Families First Coronavirus Relief Act funding. Ms. Gracia addressed an email exchange which occurred between herself and PSA 2 fiscal staff regarding the reporting of the FFCRA funding and the misunderstanding of reporting these funds with the other grant expenses. She recommended the spreadsheets be revised and resubmitted.

The LSS Chairman expressed her confidence that the issue could be resolved and requested the Executive Board's reconsideration in moving forward on the matter until LSS had the opportunity to resolve it.

Director Gabriel responded that the funding for FY 19/20 closed out for eligible expenses at the end of June, so adjustments would be challenging; however, service providers were informed to report the FFCRA funding separately on different reporting spreadsheets as the deadline to spend down the FFCRA funding is September 30, 2021 for nutrition program expenses.

Kerry Cobb stated she has returned to the LSS as a former Board member and stated her support for the program and its Director. She feels there is a miscommunication between LSS, the auditor and PSA 2.

John Williams, CPA for LSS, stated that he would provide the documentation necessary to address the situation and feels LSS has done everything possible to remain in compliance with the program requirements. Mr. Williams agreed to provide additional documentation necessary to address the matter within the determined time frame.

Supervisor Fenley inquired on the timeframe CDA has requested the funding be returned by LSS and the manner in which the recovery of funds would occur. Director Gabriel explained that the funding for FY 19/20 would be recovered by CDA during their next audit of PSA 2 which is tentatively scheduled for the spring of 2021. The review of prior FYs 16/17-18/19 would also be necessary per the request of CDA and the PSA 2 CPA. Should it be necessary to recover funds from FYs 16/17 & 17/18, the funding would need to be returned to CDA immediately they are in the process of closing out those audit years. Supervisor Fenley further inquired on the insurance in place to protect PSA 2 for the recovery of the funds. Director Gabriel responded that she would confirm with the PSA 2 insurance agent on coverage for the abuse of funds and liability.

Supervisor Nixon inquired on the timing of the request for information from LSS to which Director Gabriel restated the timeline of the certified letters released to LSS - the most recent

4a

11/02/20

being on October 1, 2020 with a deadline of October 12, 2020 to submit any additional evidence of expenses for FY 19/20. At that time, PSA 2 also inquired on the status of the FFCRA funding. After receiving only a few new expenses to consider by the October 12th deadline, the total amount of funds due to PSA 2 could only be slightly reduced and no further information has since been provided.

The LSS Chairman stated that information on the final audit of LSS had not been received by their Board. Director Gabriel explained that the monitoring process is reviewed by the CPA during the routine single audit process for that fiscal year to which Charles Pillon added that he reviewed and agreed with PSA 2's monitoring findings of LSS. Mr. Pillon's role then becomes advisory to PSA 2 staff on next steps regarding the findings. If it is determined that the findings are substantiated, the amount due from LSS to PSA 2 will be included in the final audit as funds become identified as necessary to return to CDA. Mr. Pillon further stated that he agreed with LSS's CPA that a joint review of the findings would be helpful in substantiating the findings to which John Williams concurred. It is anticipated that the CPAs could review the findings within the next two weeks.

Supervisor Teeter stated his concerns with the matter of double billing of both the PSA 2 and LTSA/LPSCAA grants and addressed the lack of CPA communication prior to this point. He further addressed the potential of fraudulent activity that is yet to be addressed.

Upon inquiry, Director Gabriel stated that while Mr. Pillon's time to review the LSS findings would be above and beyond the fee to conduct the routine single audit, the cost would be absorbed accordingly. Mr. Pillon explained that the review of the service provider's fiscal records is a part of the monitoring process by PSA 2 and normally would not involve the CPA's review. It is due to the matter of concerns with LSS's FY 19/20 monitoring outcome that he was included to help determine the bottom-line total funds to be returned to PSA 2.

Supervisor Valenzuela supported the two-week response from the CPAs and requested a written outcome for review and consideration. The Executive Board agreed to readdress the matter at the next regularly scheduled Executive Board meeting after the CPAs have reviewed the findings.

MSP: Supervisor Teeter motioned to allow the two CPAs to meet and withhold approving the findings until the next regular Executive Board Meeting on November 16, 2020, seconded by Supervisor Fenley, all aye, motion carried.

6. Authorization to Forward Findings from Lassen Senior Services, Inc. FY 19/20 Audit to the Lassen County District Attorney* –

MSP: Supervisor Fenley motioned to table Item 6 until the next PSA 2 Meeting, seconded by Roberta Hohman, all aye, motion carried.

LSS Board member, Kerry Cobb, requested a copy of LSS's preliminary findings to which Director Gabriel agreed to provide the next day.

7. Adjournment

The SPECIAL Virtual Meeting of the PSA 2 Executive Board adjourned at 3:46 p.m.

Respectfully submitted,

Teri Gabriel,
Executive Director