PHILIP L. BROWNING
Director

County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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February 25, 2016

To: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Philip L. Browning
Director

T & T HOME FOR BOYS GROUP HOME FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of T & T Home for Boys (the Group Home) in June 2015. At the time of the review, the Group Home served five DCFS placed children. The placed children's overall average length of placement was eight months and their average age was 17.

SUMMARY

CAD conducted a Fiscal Compliance Assessment, which included an agency-wide review of the Group Home's financial records, such as financial statements, bank statements, check register and personnel files to determine their compliance with the terms, conditions and requirements of the Group Home contract, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook) and other applicable federal, State and County regulations and guidelines.

The Group Home was in full compliance with 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans, Advances and Investments; and Payroll and Personnel.

CAD noted deficiencies in the areas of Board of Directors and Business Influence, related to Less-than-arms-length transactions and Cash/Expenditures, related to checks payable to cash.

Attached are the details of our review.

REVIEW OF REPORT

On June 29, 2015, Ali A. Gomaa-Mersal, CAD held an Exit Conference with the Group Home's representative: Jimmy Theragood, Group Home Administrator.

The Group Home representative agreed with the review findings and recommendations, was receptive to implementing systemic changes to improve compliance with its DCFS contract and to address the noted deficiencies in a Fiscal Corrective Action Plan (FCAP).

The Group Home provided the attached approved FCAP addressing the recommendations noted in this report. A copy of this report has been sent to the A-C.

If you have any questions, your staff may contact me or Aldo Marin, Board Relations Manager, at (213) 351-5530.

PLB:EM:LTI:agm

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Calvin Remington, Interim Chief Probation Officer
John Naimo, Auditor-Controller
Darlene Theragood, Executive Director, T & T Home for Boys
Public Information Office
Audit Committee
Sybil Brand Commission
Leonora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

T & T HOME FOR BOYS
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2014 - 2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included review of T & T Home for Boys' (the Group Home's) financial records for the period of January 1, 2013 through December 31, 2014. Contracts Administration Division (CAD) reviewed the financial statements, bank statements, check register and personnel files to determine their compliance with the terms, conditions and requirements of the Group Home contract, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook) and other applicable federal, State, and County regulations and guidelines.

The on-site Fiscal Compliance Assessment review focused on five key areas of internal controls:

- Financial Overview,
- Loans, Advances and Investments,
- Board of Directors and Business Influence,
- Cash/Expenditures, and
- Payroll and Personnel.

The Group Home was in full compliance with 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans, Advances and Investments; and Payroll and Personnel.

FISCAL COMPLIANCE

CAD found the following areas out of compliance:

Board of Directors and Business Influence

- Less-than-arms-length (related party transactions); the Group Home is leasing one home from the Executive Director. The home is in Los Angeles County and is used for children placed through the Los Angeles County group home contract. The monthly lease rate is $2,000, which exceeded 1% of the allowable limit based on the assessed value obtained from the Los Angeles County Assessor's website.

As a result of this review, the Group Home obtained a property appraisal conducted by an independent licensed contractor. As of July 10, 2015 the property's appraised value is $427,625 which is within allowable limits established by the California Welfare and Institutions Code Section 11462.06.

Recommendation:

The Group Home's management shall ensure that:

1. The monthly lease rate is in compliance with the California Welfare and Institutions Code Section 11462.06 and applicable Office of Management and Budget circulars for the allowable lease rates.

Cash/Expenditures

- The Group Home management issued eight checks payable to cash for petty cash in the total amount of $1,800. The checks were issued from January 2015 to March 2015.

The Executive Director will verify the Group Home's monthly bank statements to ensure that no future checks are made payable to cash.

Recommendation:

The Group Home's management shall ensure that:

2. The Group Home does not issue checks payable to cash.

MOST RECENT FISCAL REVIEW CONDUCTED BY THE AUDITOR-CONTROLLER

A review of the Group Home was posted by the A-C on May 27, 2008 for the period of July 1, 2003 through June 30, 2004. The A-C identified $15,467 in questioned costs. The A-C recommended that the Group Home strengthen its internal controls. The Group Home has repaid the questioned costs.

NEXT FISCAL COMPLIANCE ASSESSMENT

The next Fiscal Compliance Assessment of the Group Home will be conducted in County Fiscal Year 2015-2016.

T&T Home for Boys

19504 Tillman Avenue

Carson, CA 90746

310-635-2469

310-537-8797 fax

To: Ali Gomaa-Mersal, Fiscal Compliance Administrator

From: Jimmie Theragood, Administrator

FCAT Section III- Board of Directors and Business Influence

Question No. 15 Finding

T&T Home for Boys monthly lease rate is $2000, which exceeded 1% of allowable limit based on the assessed value obtained from the Los Angeles County Assessor's website. The value of the property was $152,412. The rent was based on the assessed values of this property which should have not exceeded $1524.

Fiscal Corrective Action Plan (FCAP)

After getting the home appraised in July 2015 the current appraised value of $425,000, which allows the maximum rent of $4250 per month. T&T will get the home appraised every five years and resign a lease agreement with fair market value for the monthly rent. T&T administrator will be responsible for the home appraisal every 5 years and the lease being adjusted accordingly.

FCAT Section IV- Cash/ Expenditures

Question No. 18 Finding

Checks payable to cash; the group home management issued eight checks payable to CASH in the total amount of $1,800. The checks were issued from January 2015 to March 2015.

Fiscal Corrective Action Plan (FCAP)

T&T Home for Boys failed to follow A-C Handbook section B.2.1 that requires that all disbursements other than petty cash, be made by check. Checks should not be payable to CASH. Effective immediately checks will be made out to Jimmie Theragood and memo noted for Petty Cash. Monthly statements will be verified by the executive director to ensure that no future checks are payable to CASH.

Jimmie Theragood

Administrator, Jimmie Theragood