County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

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March 14, 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

LATINO FAMILY INSTITUTE FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of Latino Family Institute Foster Family Agency (the FFA) in April 2015. The FFA has one licensed office in the First Supervisorial District and provides services to the County of Los Angeles DCFS placed children. According to the FFA's Program Statement, its stated mission is "to maintain families by using extended family or community resources, to facilitate the reunification of children and with birth family members who are able and willing to raise and provide a permanent home for these children when reunification is not possible or in the child's best interest, Latino Family Institute will have Latino Families available and prepared to adopt these children."

At the time of the review, the FFA supervised 18 DCFS placed children in 10 Certified Foster Homes (CFHs). The placed children's average length of placement was 13 months and their average age was seven.

SUMMARY

CAD conducted a Fiscal Compliance Assessment which included an agency-wide review of the FFA'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 Foster Family Agency contract, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook) and other applicable federal, State and County regulations and guidelines.

The FFA was in full compliance with 4 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans Advances and Investments; Board of Directors and Business Influence; and Payroll and Personnel.

CAD noted a deficiency in the area of Cash/Expenditures, related to outstanding checks not resolved timely and the fixed asset list was incomplete.

Attached are the details of CAD's review.

REVIEW OF REPORT

On April 17, 2015, Molly Sun, CAD Fiscal, held an Exit Conference with the FFA representatives: Maria Quintanilla, Executive Director and Wilson Castellon, Chief Financial Officer.

The FFA representatives agreed with the review findings and recommendations, were receptive to implementing systemic changes to improve compliance with regulatory standards and agreed to address the noted deficiencies in a Fiscal Corrective Action Plan (FCAP).

A copy of this compliance report has been sent to the A-C and Community Care Licensing.

The FFA provided the attached approved FCAP addressing the recommendations noted in this report.

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

PLB:EM:LTI:ms

Attachments

c: Sachi A. Hamai, Chief Executive Officer
John Naimo, Auditor-Controller
Maria Quintanilla, Executive Director, Latino Family Institute
Public Information Office
Audit Committee
Lenora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

LATINO FAMILY INSTITUTE
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2014 - 2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included review of Latino Family Institute's (the FFA's) financial records for the period of January 1, 2012 through December 31, 2012 and October 1, 2014 through February 28, 2015. Contracts Administration Division (CAD) reviewed the financial records such as financial statements, bank statements, check register and personnel files to determine the Foster Family Agency's compliance with the terms, conditions and requirements of the FFA 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 FFA was in full compliance with 4 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans Advances and Investments; Board of Directors and Business Influence; and Payroll and Personnel.

FISCAL COMPLIANCE

CAD found the following area out of compliance:

Cash/Expenditures

- Outstanding checks over six months are not resolved timely.

The FFA's Chief Financial Officer will review and investigate any checks that are outstanding over six months old and will resolve them.

- The Fixed Asset Inventory list was incomplete.

The FFA's Accounting Clerk will update the fixed asset inventory list to include all required elements and the Chief Financial Officer will review and monitor for continued compliance.

Recommendations:

The FFA's management shall ensure that:

1. Outstanding checks are resolved in a timely manner.

2. The Fixed Asset Inventory list includes all required elements.

MOST RECENT FISCAL REVIEW CONDUCTED BY THE AUDITOR-CONTROLLER

A recent fiscal review report of the FFA has not been posted by the Auditor-Controller.

NEXT FISCAL COMPLIANCE ASSESSMENT

The next fiscal compliance assessment of the Foster Family Agency will be conducted in County Fiscal Year 2015-2016.

Latino Family Institute
Adoption & Foster Care Agency

May 12, 2015

Ms. Molly Sun
Fiscal Compliance Administrator
Department of Children and Family Services
Contract Administration Division - Contract Compliance
3530 Wilshire Blvd., 5th Floor
Los Angeles, CA 90010
Email: Msun2@dcfs.lacounty.gov

RE: **Latino Family Institute, Inc. (LFI) - Fiscal Corrective Action Plan (FCAP)**

Dear Ms. Sun,

Your recent Fiscal Compliance Assessment of our agency resulted in some areas that require our attention in improving our compliance with the Department of Children and Family Services county contract. This Fiscal Corrective Action Plan (FCAP) is designed to address the areas of concern discussed on April 17, 2015, as follows:

- **The Agency did not follow up on outstanding checks that were over six months old.**

  As of May 12, 2015, LFI does not have any outstanding checks that are over six months old. The Chief Financial Officer will review and investigate any checks that are outstanding over six months old and will resolve accordingly.

- **A listing of fixed asset did not include item description, serial number, date of purchase, and acquisition cost.**

  LFI's Fixed Asset List is being updated by the Accounting Clerk to include date of purchase, item description, acquisition cost, funding source, identification number, and life of asset. LFI's updated Fixed Asset List will be completed by no later than May 31, 2015. The Fixed Asset List will be reviewed and monitored by the Chief Financial Officer. Additionally, a physical inspection and inventory will be conducted annually by the Accounting Clerk and reviewed by the Chief Financial Officer.

We appreciate your collaborative partnership and honest feedback to improve our agency. Please feel free to contact me if you require further action, revisions, or clarifications.

Respectfully,

Maria L. Quintanilla, LCSW
Founder and Executive Director

1501 W. Cameron Ave. Suite 240 West Covina, CA 91790 • (626) 472-0123 Fax (626) 337-8752 • www.lfiservices.org