County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

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Director

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March 14, 2016

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

From: Philip L. Browning
Director

DELIANN-LUCILE DBA DELILU ACHIEVEMENT GROUP HOME FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a review of Deliann-Lucile dba Delilu Achievement (the Group Home) in March 2015. The Group Home is a non-profit organization that is contracted with DCFS and the Probation Department to provide Group Home Foster Care Services and Group Home Emergency Shelter Care.

During the time of the review, the Group Home served 9 Probation foster youth. The placed youth's overall average length of placement was 23 days and their average age was 16. The Group Home's Emergency Shelter Care Program served 19 DCFS placed children. The children's overall average length of placement was 9 days and their average age was 16.

SUMMARY

CAD conducted a Fiscal Compliance Assessment which included a review of the Group Home's financial records such as financial statements, bank statements, check register, and personnel files to determine the Group Home's compliance with the terms, conditions, and requirements of the 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 2 of 5 areas of the Fiscal Compliance Assessment: Financial Overview and Board of Directors and Business Influence.

CAD noted deficiencies in the areas of: Loans, Advances and Investments, related to undocumented loans from the Chief Executive Officer; Cash/Expenditures, related to inadequate internal control over disbursement procedures and fixed assets list; and Payroll and Personnel, related to missing the supervisor's approval signature on employees' timecards.

Attached are the details of our review.

REVIEW OF REPORT

On March 16, 2015, Molly Sun, DCFS CAD, Robbie Odom, DCFS Out-of-Home Care Management Division, and Lori Tchakerian, Probation Department, held an Exit Conference with the Group Home's representatives: Mary Davis, Chief Executive Officer, Charles Davis, Executive Assistant, Misha Slade, Quality Assurance Director, Reta Davis, Facility Manager and Ivan Colon, Accountant from Independent Business Solution. The Group Home representatives agreed with the review findings and recommendations, were receptive to implementing systemic changes to improve compliance with regulatory standards and to address the noted deficiencies in a Fiscal Corrective Action Plan (FCAP).

The Group Home provided the attached FCAP addressing the recommendations noted in this report.

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

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
Calvin Remington, Interim Chief Probation Officer
Mary Davis, Chief Executive Officer, Deliann-Lucile Corporation
Public Information Office
Audit Committee
Sybil Brand Commission
Leonora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

DELIANN-LUCILE DBA DELILU ACHIEVEMENT HOME
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2014 - 2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of Deliann-Lucile dba Delilu Achievement Home's (The Group Home's) financial records for the period of July 1, 2012 through September 30, 2014. Contracts Administration Division (CAD) reviewed the financial records such as financial statements, bank statements, check register and personnel files to determine the Group Home's 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 2 of 5 areas of the Fiscal Compliance Assessment: Financial Overview and Board of Directors and Business Influence.

FISCAL COMPLIANCE

CAD found the following three areas out of compliance:

Loans, Advances and Investments

- For the period ending June 30, 2013, the Group Home's Chief Executive Officer (CEO) loaned the Group Home $85,315. This is supported with cancelled checks and bank statements. There were no written agreements on file for the loan.

These funds were loaned for the start-up costs for the Group Home's Emergency Shelter Care Program addition and expansion related to the Group Home's Program Statement and contract.

The Group Home's Board of Directors stated that they will ensure: 1) the Board meeting minutes details that there is a prior authorization/approval for any type of loan to the Group Home and the reasons for a loan; and 2) what the loan proceeds will be spent on and the terms and conditions of the promissory note that will be signed by both parties for repayment of the loan. The Board will also include details on any related parties and detail the relationship to these loans.

Recommendation:

The Group Home's Board of Directors shall ensure that:

1. Documentation is maintained for all loans. Documentation shall include the authorization by the Board of Directors, reason for the loans, signature by all parties and financial records documenting receipt and expenditure of the loan proceeds.

Cash/Expenditures

- An authorized check signer signed three checks totaling $260.32, payable to the CEO without the checks being signed by a non-related authorized check signer of higher authority than the CEO.

- One independent contractor service agreement did not include billing rate and did not identify the timeframe for the service provided.

The Group Home's CEO will ensure consultant service contractors have written contracts clearly defining the work to be performed, terms, conditions, time and billing rates.

- One of the independent contractor expenses was paid without proper supporting documentation.

The Group Home's CEO will ensure that all disbursements will have original supporting documentation. All invoices will be reviewed by the designated staff for mathematical accuracy, validity, conformity and then submitted to the CEO for approval.

- The fixed asset inventory list did not include date of purchase and acquisition cost.

The Group Home's CEO will ensure that the fixed assets inventory list includes all required elements.

Recommendations:

The Board of Directors shall ensure that:

2. The payee will not sign checks where the payee and check signer is the same person, or the check signer is related to the payee.

3. Independent contractor service agreements include billing rates and timeframe during which the services will be provided.

4. Supporting documentation is maintained for all expenditures.

5. The fixed asset inventory list includes all required elements.

Payroll and Personnel

- Three sampled timesheets were not signed by a supervisor.

The Group Home's CEO will ensure that all timesheets are signed by the staff person and their supervisor.

Recommendation:

The Group Home's management shall ensure that:

6. All timesheets are signed by a supervisor.

MOST RECENT FISCAL REVIEW CONDUCTED BY THE AUDITOR-CONTROLLER

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

NEXT FISCAL COMPLIANCE ASSESSMENT

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

DELIANN-LUCILE CORPORATION

DeliLu Achievement Home

For Girls

5800A Hannum Avenue, #230
Culver City, CA 90230

September 10, 2015

To: Department of Children and Family Services

From: Mary L. Davis, Deliann-Lucille Corp.

Subject: **FISCAL CORRECTIVE ACTION PLAN (FCAP)**

1. **Finding: Written loan agreements were not available to support loans from Agency's Chief Executive Officer, totaling $80,415.00**

   Agency Proposed FCAP: Going forwards Deliann-Lucile will ensure that any loans to the Agency will be supported with documents. These documents will include: (1). Minutes from the Board of Directors giving prior authorization for the Officer to loan monies to the agency. (2). A legal valid enforceable promissory note will be created and signed by the Board that governs the repayment of the loaned.
   Implementation will begin immediately.

2. **Finding: Authorized check signers made a few checks payable to herself without a 2nd signature.**

   Agency Proposed FCAP: Deliann-Lucile will ensure that if the Executive Director or Assistant Executive Director is the payee on a check, a second signature will be required on the checks, regardless of limits specified in the bank account. One of the Board of Director is on the bank account as second signee.
   Implementation has taken place.

3. **Finding: Independent contractor service agreement did not include billing rates and time for service provided.**

   Agency Proposed FCAP: Deliann-Lucile will ensure that consultant services contractors will have written contracts clearly defining the work to be performed, terms, conditions, time and billing rates. Time and attendance records, billing rates, invoices detailing purpose schedule of pay, will be required before any payment is made. **Implementation will begin immediately.**

4. **One of the independent contractors was paid without proper supporting documentation.**

Agency Proposed FCAP: Deliann-Lucile will ensure that all disbursements will have original supporting documentation. All invoices will be review by the designated staff for mathematical accuracy, validity, conformity and then submitted to the Executive Director approval. Once the amount to be disbursed has been approved, the designated staff will write the checks or process payment on line. The checks or the on line confirmation will be attached to the original invoice.
Implementation has begun.

5. **A listing of fixed asset did not include purchase date and cost.**

Agency Proposed FCAP: Deliann-Lucile will ensure that the fixed assets list will include the following information: date of purchase, description of item purchased, received by donation or purchased, cost or fair market value on the date receipt, donor or funding source, if applicable, funding source restrictions on use or disposition, identification/serial number (if appropriate).
Implementation will begin immediately.

6. **Time sheets were not sign by a supervisor.**

Agency Proposed FCAP: Deliann-Lucile will ensure that all timesheets are to be signed by the staff person and his/her supervisor. All approved timesheets will be submitted to the Assistant Executive Director, who will verify the hours worked against his/her record. The designated staff will then process the time for payment.
Implementation will begin immediately.

Mary L. Davis