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April 22 2016

To: Supervisor Hilda L. Solis, Chair
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From: Philip L. Browning
Director

LUVLEE'S RESIDENTIAL CARE DBA NEW DAWN GROUP HOME FISCAL COMPLIANCE ASSESSMENT AND CONTRACT COMPLIANCE REVIEW

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment and Contract Compliance Review of Luvlee's Residential Care dba New Dawn Group Home (the Group Home) in January and February 2015. The Group Home has two sites, one in the Fifth Supervisorial District and one in San Bernardino County, providing services to the County of Los Angeles DCFS placed children and Non-Minor Dependents (NMDs) and children placed by other counties. According to the Group Home's Program Statement, its stated purpose is "to stabilize the child within the group home setting and to establish trust and security of knowing that they are cared for unconditionally."

The Group Home has two 6-bed sites licensed to serve a capacity of 12 children, boys ages 11 through 17. The Group Home also has the capacity to service Non-Minor Dependents ages 18 through 21. At the time of the review, the Group Home served 10 placed children and 2 placed NMDs. The placed children's overall average length of placement was seven months and their average age was 16.

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.

Luvlee's Residential Care was in full compliance with 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans Advances and Investments; and Cash/Expenditures.

CAD noted deficiencies in the areas of: Board of Directors and Business Influence, related to a less-than-arms-length transaction for a leased property from the Executive Director; and Payroll and Personnel, related to missing a Fair Labor Standards Act status in a non-exempt employee's personnel file and missing employees' signatures on time cards.

During CAD's Contract Compliance Review, the interviewed children generally reported: feeling safe at the Group Home, having been provided with good care and appropriate services, being comfortable in their placement environment and treated with respect and dignity.

The Group Home was in full compliance with 8 of 10 areas of CAD's Contract Compliance Review: Maintenance of Required Documentation and Service Delivery, Education and Workforce Readiness, Health and Medical Needs, Psychotropic Medication, Personal Rights and Social/Emotional Well-Being, Personal Needs/Survival and Economic Well-Being, Discharged Children, and Personnel Records.

CAD noted deficiencies in the areas of: Licensure/Contract Requirements, related to a Special Incident Report (SIR) not being appropriately cross-reported and one Community Care Licensing (CCL) citation; and Facility and Environment, related to not maintaining common areas, expired canned goods and food not properly stored in the refrigerator.

Attached are the details of CAD's review.

REVIEW OF REPORT

On March 10, 2015 Sherry L. Rolls, DCFS CAD held an exit conference with the Group Home representative Sean Hardge, Executive Director. On April 14, 2015, Molly Sun, CAD held the Fiscal exit conference with the Group Home representatives: Sean Hardge, Executive Director and Program Administrator; and LaTasha Hardge, Assistant Executive Director. The Group Home representatives were in agreement with the review findings and recommendations, were receptive to implementing systematic changes to improve their compliance with regulatory standards and to address the noted deficiencies in a compliance Corrective Action Plan (CAP) and a Fiscal Corrective Action Plan (FCAP).

A copy of this compliance report has been sent to the A-C and CCL.

The Group Home provided the attached approved CAP and FCAP addressing the recommendations noted in this compliance report. CAD conducted a follow-up visit to the Group Home on June 30, 2015 and verified implementation of the Compliance CAP. The implementation of the FCAP will be assessed during the next Fiscal Compliance Assessment.

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

PLB:KR:LTI:slr

Attachments

c: Sachi A. Hamai, Chief Executive Officer
John Naimo, Auditor-Controller
Calvin C. Remington, Interim Chief Probation Officer
Public Information Office
Audit Committee
Sybil Brand Commission
Sean Hardge, Executive Director, Luvlee's Residential Care dba New Dawn Group Home
Lajuannah Hills, Regional Manager, Community Care Licensing Division
Lenora Scott, Regional Manager, Community Care Licensing Division

LUVLEE'S RESIDENTIAL CARE DBA NEW DAWN GROUP HOME
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2014 - 2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of Luvlee's Residential Care's (the Group Home's) financial records for the period of January 1, 2013 through December 31, 2013 and October 1, 2014 through December 31, 2014. 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 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans Advances and Investments; and Cash/Expenditures.

FISCAL COMPLIANCE

CAD found the following two areas out of compliance:

Board of Directors and Business Influence

- Less-than-arms-length transaction. The Group Home leases a property from the Executive Director for $3,800 a month, which exceeded 1% of allowable limit based on the assessed value of the property obtained from the San Bernardino County Assessor's website.

The Group Home obtained a property appraisal by an independent licensed contractor. As of February 20, 2015 the property appraised value is $390,000, and the rent is within the allowable limits established by the California Welfare and Institutions Code (WIC) Section 11462.06.

Recommendation:

The Group Home's management shall ensure that:

1. The Group Home complies with the California WIC Section 11462.06 (a) and applicable Office of Management and Budget (OMB) Circulars/Code of Federal regulations for related party lease transactions.

Payroll and Personnel

- One employee's personnel file did not include the Fair Labor Standards Act (FLSA) status.

The Group Home's Executive Assistant will ensure personnel files include current position, job descriptions, rate of pay and FLSA status information.

- Timecards were not signed by employees.

The Group Home's Executive Assistant will ensure that all time cards are signed by employees and approved by supervisors.

Recommendations:

The Group Home's management shall ensure that:

2. Personnel files include a completed FLSA status for all non-exempt employees.

3. Time cards are signed by employees and approved by managers.

NEXT FISCAL COMPLIANCE ASSESSMENT

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

LUVLEE'S RESIDENTIAL CARE DBA NEW DAWN GROUP HOME
CONTRACT COMPLIANCE REVIEW SUMMARY

License Number: 191593081
Rate Classification Level: 11

License Number: 360908565
Rate Classification Level: 11

	Contract Compliance Review	Findings: January 2015
I	**Licensure/Contract Requirements** (9 Elements)	
	1. Timely Notification for Child's Relocation	1. Full Compliance
	2. Transportation Needs Met	2. Full Compliance
	3. Vehicle Maintained in Good Repair	3. Full Compliance
	4. Timely, Cross-Reported SIRs	4. Needs Improvement
	5. Disaster Drills Conducted & Logs Maintained	5. Full Compliance
	6. Runaway Procedures	6. Full Compliance
	7. Comprehensive Monetary and Clothing Allowance Logs Maintained	7. Full Compliance
	8. Detailed Sign-In/Out Logs for Placed Children	8. Full Compliance
	9. CCL Complaints on Safety/Plant Deficiencies	9. Needs Improvement
II	**Facility and Environment** (5 Elements)	
	1. Exterior Well Maintained	1. Full Compliance
	2. Common Areas Well Maintained	2. Needs Improvement
	3. Children's Bedrooms Well Maintained	3. Full Compliance
	4. Sufficient Recreational Equipment/Educational Resources	4. Full Compliance
	5. Adequate Perishable and Non-Perishable Food	5. Needs Improvement
III	**Maintenance of Required Documentation/Service Delivery** (10 Elements)	
	1. Child Population Consistent with Capacity and Program Statement	Full Compliance (All)
	2. DCFS Children's Social Worker's Authorization to Implement NSPs	
	3. NSPs Implemented and Discussed with Staff	
	4. Children Progressing Toward Meeting NSP Case Goals	
	5. Therapeutic Services Received	
	6. Recommended Assessment/Evaluations Implemented	
	7. DCFS Children's Social Workers Monthly Contacts Documented	
	8. Children Assisted in Maintaining Important Relationships	
	9. Development of Timely, Comprehensive Initial NSPs with Child's Participation	

	Contract Compliance Review	Findings: January 2015
	10. Development of Timely, Comprehensive Updated NSPs with Child's Participation	
IV	**Education and Workforce Readiness** (5 Elements) 1. Children Enrolled in School Within Three School Days 2. Ensured Children Attended School and Facilitated in Meeting Their Educational Goals 3. Current Report Cards/Progress Reports Maintained 4. Children's Academic Performance and/or Attendance Increased 5. Encouraged Children's Participation in YDS or Equivalent Services and Vocational Programs	Full Compliance (All)
V	**Health and Medical Needs** (4 Elements) 1. Initial Medical Exams Conducted Timely 2. Follow-Up Medical Exams Conducted Timely 3. Initial Dental Exams Conducted Timely 4. Follow-Up Dental Exams Conducted Timely	Full Compliance (All)
VI	**Psychotropic Medication** (2 Elements) 1. Current Court Authorization for Administration of Psychotropic Medication 2. Current Psychiatric Evaluation Review	Full Compliance (All)
VII	**Personal Rights and Social/Emotional Well-Being** (13 Elements) 1. Children Informed of Group Home's Policies and Procedures 2. Children Feel Safe 3. Appropriate Staffing and Supervision 4. Efforts to Provide Nutritious Meals and Snacks 5. Staff Treat Children with Respect and Dignity 6. Appropriate Rewards and Discipline System 7. Children Allowed Private Visits, Calls and Correspondence 8. Children Free to Attend or Not Attend Religious Services/Activities 9. Children's Chores Reasonable	Full Compliance (All)

	Contract Compliance Review	Findings: January 2015
	10. Children Informed About Their Medication and Right to Refuse Medication 11. Children Free to Receive or Reject Voluntary Medical, Dental and Psychiatric Care 12. Children Given Opportunities to Plan Activities in Extracurricular, Enrichment and Social Activities (Group Home, School, Community) 13. Children Given Opportunities to Participate in Extracurricular, Enrichment and Social Activities (Group Home, School, Community)	
VIII	**Personal Needs/Survival and Economic Well-Being** (7 Elements) 1. $50 Clothing Allowance 2. Adequate Quantity and Quality of Clothing Inventory 3. Children Involved in the Selection of Their Clothing 4. Provision of Clean Towels and Adequate Ethnic Personal Care Items 5. Minimum Monetary Allowances 6. Management of Allowance/Earnings 7. Encouragement and Assistance with a Life Book/Photo Album	Full Compliance (All)
IX	**Discharged Children** (3 Elements) 1. Children Discharged According to Permanency Plan 2. Children Made Progress Toward NSP Goals 3. Attempts to Stabilize Children's Placement	Full Compliance (All)
X	**Personnel Records** (7 Elements) 1. Criminal Clearances Federal Bureau of Investigation (FBI) California Department of Justice (DOJ), and Child Abuse Central Index (CACIs) Submitted Timely 2. Signed Criminal Background Statement Timely 3. Education/Experience Requirement 4. Employee Health Screening/TB Clearances Timely 5. Valid Driver's License 6. Signed Copies of Group Home Policies and Procedures 7. All Required Training	Full Compliance (All)

LUVLEE'S RESIDENTIAL CARE DBA NEW DAWN GROUP HOME
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2014-2015

SCOPE OF REVIEW

The following report is based on a "point in time" visit. This compliance report addresses findings noted during the January 2015 review. The purpose of this review was to assess Luvlee's Residential Care dba New Dawn Group Home's (the Group Home's) compliance with its County contract and State regulations and included a review of the Group Home's program statement as well as internal administrative policies and procedures. The compliance review covered the following 10 areas:

- Licensure/Contract Requirements,
- Facility and Environment,
- Maintenance of Required Documentation and Service Delivery,
- Education and Workforce Readiness,
- Health and Medical Needs,
- Psychotropic Medication,
- Personal Rights and Social/Emotional Well-Being,
- Personal Needs/Survival and Economic Well-Being,
- Discharged Children, and
- Personnel Records.

For the purpose of this review, five placed children were selected for the sample. The Contracts Administration Division (CAD) interviewed each child and reviewed their case files to assess the care and services they received. Additionally, three discharged children's files were reviewed to assess the Group Home's compliance with permanency efforts. At the time of the review, two placed children were prescribed psychotropic medication. Their case files were reviewed to assess for timeliness of Psychotropic Medication Authorizations and to confirm the required documentation of psychiatric monitoring.

CAD reviewed three Group Home staff files for compliance with Title 22 Regulations and County contract requirements and conducted site visits to assess the provision of quality of care and supervision.

CONTRACTUAL COMPLIANCE

CAD found the following areas out of compliance:

Licensure/Contract Requirements

- Special Incident Reports (SIRs) were not properly cross-reported.

A review of 12 SIRs revealed that one was not properly cross-reported to Community Care Licensing (CCL). Specifically, the incident occurred on April 29, 2014 and was not cross-reported to CCL.

- CCL citation.

CCL cited the Group Home on October 27, 2014, as a result of a complaint received on August 2, 2013. CCL substantiated allegations of lack of supervision as one child behaved inappropriately sexually to another child. It was reported the incident occurred on July 24, 2013. CCL requested a Plan of Correction (POC), requiring the Group Home to revise the facility plan for intake, accepting, supervising, and retaining high risk children. This included children's pre-placement assessments; ongoing assessments; intake documentation; Needs and Services Plans; and supervision of placed children. In addition, the Group Home was to provide in-service training to all facility staff regarding the revised plan, and provide to CCL a copy of the plan and proof of training by the POC date. CCL approved the POC on October 30, 2014. This referral was investigated by Department of Children and Family Services (DCFS) Emergency Response (ER) DCFS Children's Social Worker (CSW) and the allegation of general neglect was inconclusive and allegation of sexual abuse was substantiated.

The Out-of-Home Care Investigations Section (OHCIS) began investigating Group Home allegations in November 2013. OHCIS did not conduct a supplementary investigation.

On December 11, 2014, the Group Home conducted staff training to discuss the CCL substantiated report, provide time-frames for incident reporting, cross-reporting, and protocols for staff during work hours. On June 30, 2015, CAD conducted a follow-up visit to the Group Home and reviewed eight SIRs for timeliness and proper cross-reporting. CAD found all eight SIRs to be in compliance.

Recommendations:

The Group Home's management shall ensure that:

1. SIRs are cross-reported to all appropriate parties.

2. The Group Home is in compliance with Title 22 regulations and free of CCL citations.

Facility and Environment

- A common area was not well maintained.

During a visit to site #2, CAD noted that the kitchen cabinets were missing knobs, were dirty and the paint was peeling on all the cabinet doors. During the review, CAD notified the Group Home staff of the condition in the kitchen. On January 27, 2015, CAD conducted a follow-up visit to the Group Home and noted the remodeled kitchen with new cabinets, new cabinet knobs, a new faucet and a new sink.

- Adequate perishable and non-perishable food were not maintained.

For Group Home sites #1 and #2, CAD noted that expired canned goods were found in the pantries, and perishable items were found in the refrigerator, past their expiration dates. Additionally, site #1 had items requiring refrigeration after opening stored in the pantry. The Group Home staff immediately discarded all expired canned goods and the food items that were not properly stored in the refrigerator.

On June 30, 2015, CAD conducted a follow-up visit and confirmed the Group Home's implementation of formal requests for maintenance of structural wear and tear as soon as such issues have been identified by the site manager or executive assistant. In addition, beginning in April 2015 the Group Home Education Specialist began conducting monthly visits to ensure perishables and non-perishables are discarded by the expiration date.

Recommendations:

The Group Home's management shall ensure that:

3. Common areas are well maintained.

4. Adequate perishable and non-perishable food is maintained.

PRIOR YEAR FOLLOW-UP FROM DCFS OUT-OF-HOME CARE MANAGEMENT DIVISION (OHCMD) GROUP HOME CONTRACT COMPLIANCE REVIEW

The OHCMD's last compliance report dated May 6, 2014, identified five recommendations.

Results:

Based on CADs follow-up, the Group Home fully implemented 4 of 5 recommendations for which they were to ensure that:

- The exterior and the grounds of the Group Home are well maintained.

- Children's bedrooms are well maintained.

- Staff receives NSP training to ensure comprehensive initial NSPs, which include all required elements in accordance with the NSP template are developed and that all NSPs are reviewed by the Group Home's Administration.

- Staff receives NSP training to ensure comprehensive updated NSPs, which include all required elements in accordance with the NSP template are developed and that all NSPs are reviewed by the Group Home's Administration.

The Group Home did not fully implement 1 of 5 recommendations for which they were to ensure that:

- Adequate perishable and non-perishable food is maintained.

Recommendation:

The Group Home's management shall ensure that:

5. The outstanding recommendation from the report dated May 6, 2014, noted in this report as recommendation number 4 is fully implemented.

At the exit conference, the Group Home representatives expressed their desire to remain in compliance with all Title 22 Regulations and contract requirements and stated the Group Home will implement procedures to strive towards greater compliance. CAD conducted a follow-up visit on June 30, 2015 and noted that the Group Home had implemented 4 of 4 recommendations in this report. CAD will continue to assess implementation of the recommendations during the next compliance review. The OHCMD will provide ongoing support and technical assistance prior to the next review.

Luvlee's Residential Care, Inc.
New Dawn
Established 1988
P.O. Box 2232 - Phone: (909) 594-2762 Fax: (909) 594-2922

April 14, 2015

Molly Sun, Fiscal Compliance Administrator
Department of Children and Family Services
Contracts Administration Division
3530 Wilshire Blvd., 4th Floor
Los Angeles, CA 90010

RE: CORRECTIVE ACTION PLAN

Dear Molly Sun,

Thank you for your visit on February 10-12th and February 18-19th assuring Luvlee's Residential Care, Inc. is maintaining contract compliance in all areas of our administrative fiscal duties and providing quality services for the youth we serve. Luvlee's Residential Care, Inc. is submitting our organization's Correction Action Plan based on your review. The Executive Director will ensure Luvlee's Residential Care, Inc. remains in compliance with the assistance of the Assistant Director, Executive Assistant and Facility Manger.

The identified areas of internal control weakness:

- Agency leased residential home from related party.
- Employee's personnel file did not include Fair Labor Standards Act Form.
- Time cards were not signed by employees.

FCAT Section III- Board of Director's and Business Influence

Question 15

- Residential Home Leased by Executive Director exceeded 1% of property tax value on The San Bernardino County Tax Website.

Corrective Action Plan:
On February 25, 2015 Luvlee's Residential Care Executive Director provided DCFS with an appraisal completed by a qualified, professional appraiser who meets the standards for Class III appraisers as specified in Title 10, which determined the actual property value did not exceed 1 percent.

To remain in compliance Luvlee's Residential Care, Inc. Board of Director's will ensure that prior to making payments to affiliated organizations or persons an independent appraisal will be required to certify shelter costs do not exceed 12 percent of the fair market value of leased buildings prior to renewing agency leases.

FCAT Section V- Payroll and Personnel

Question 29D

- Employee personnel file did not include Fair Labor Standards Act Form.

Corrective Action Plan:

On February 26, 2015 during our monthly staff meeting all employees we given a copy of the Fair Labor Standards Act Form and the original form was signed placed in each employees file.

Moving forward, the Fair Labor Standards Act Form has been included into our new hire orientation packet and the Executive Assistant will ensure each new hire is provided with a copy and the signed original will be placed in each employee's file.

Question 29E

- Time Cards were not signed by employees.

Corrective Action Plan:

On February 26, 2015 all employees were given their time cards for review and each unsigned timecard was signed.

In the future, each employee will review and sign their time card prior to submission to their supervisor. Next, the employee's supervisor will review to ensure each employee has signed their time card and lastly, the Executive Assistant will review to ensure all time cards are signed by the employee and supervisor prior to submission for processing.

If you have any questions, I can be reached at (909) 594-2762.

Sincerely,

Sean Hardge, Executive Director
Luvlee's Residential Care, Inc.
New Dawn
P.O. Box 2232
Walnut, CA 91788-2232

Luvlee's Residential Care, Inc.
New Dawn
Established 1988
P.O. Box 2232 - Phone: (909) 594-2762 Fax: (909) 594-2922

December 9, 2015

Sherry L. Rolls, Children Services Administrator I
Department of Children and Family Services
Contracts Administration Division - Contracts Compliance Section
3530 Wilshire Boulevard, 4th Floor
Los Angeles, California 90010

RE: AMENDED CORRECTIVE ACTION PLAN

Dear Sherry Rolls,

Luvlee's Residential Care, Inc. DBA: New Dawn is submitting the following Corrective Action Plan (CAP) for your review, based on the visit conducted February 24, 2015. It is our goal to ensure that New Dawn is providing quality services for the children in our care. The following individuals will ensure that New Dawn remains in compliance: Administrator, Executive Assistant, Education Specialist and Facility Manager.

Identified Recommendations:

I. LICENSURE/CONTRACT REQUIREMENTS

9. Is the group home free of any substantiated Community Care Licensing complaints on safety and/or physical plant deficiencies since the last review? (SAFETY).

Corrective Action Plan:

9. The meeting on December 11, 2014 was conducted in regards to the investigation, per recommendation for the CAP. During the course of the meeting we address how to ensure proper supervision by staff. Staff was instructed during the meeting that when residents are awake, staff should not be doing household chores during that time in order to ensure the proper supervision of the residents.

II. FACILITY AND ENVIRONMENT

11. Are common quarters well maintained? (Clean/sanitary; neat; adequate furniture and lighting; home-like environment, no safety hazards) (SAFETY).

14. Does the group home maintain adequate nutritious perishable and non-perishable foods and adhere to product "used or freeze by," "best by," "sell by," or expiration dates? (A minimum of a two day supply of perishables and a one week supply of non-perishables) (WELL-BEING)

Corrective Action Plan:

11. Prior to the review conducted by CAD, New Dawn was obtaining multiple quotes to re-face the kitchen cabinets. Three (3) different contractors went to our facility to assess the cabinets, and all recommended a kitchen remodel due to the years of wear and tear. New Dawn went with the best offer

that was provided. On January 27, 2015, CAD came back out to the facility and approved the remodel. Staff has been instructed to put in maintenance request for any structural wear and tear, in addition, executive assistant will visit the facilities at least every other month to conduct a thorough facility check.

14. New Dawn has assigned our Education Specialist to monitor the nutrition and physical activities of the residents in the home. She is also responsible for ensuring that food, perishables and non-perishables are being rotated. She will begin visiting each facility monthly to inventory food. This will allow the agency to purchase food based on need, nutrition and ensuring that items are not being store for an extended period of time. She has been provided an assessment tool to ensure compliance.

Sincerely,

Sean Hardge, Administrator
Luvlee's Residential Care, Inc.
(909) 595-1177