County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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June 21, 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

MACRO HOMES FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of Macro Homes (the Group Home) in December 2015. The Group Home has one site located in the Fifth Supervisorial District and provides services to the County of Los Angeles DCFS placed children. According to the Group Home's Program Statement, its stated purpose is "to provide a structured milieu that facilities control of chronic problematic behavior and assists each child in dealing with the emotional issues that require out of home placement."

At the time of the initial review, the Group Home had a licensed capacity of six children; there were five DCFS placed children. Their average age was 16 and the average length of stay was five months. However, at the time of the results of the review on February 22, 2016, there were no DCFS children placed in the Group Home.

SUMMARY

CAD completed 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 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 Group Home 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 identified deficiencies in the area of Cash/Expenditures, related to the former Chief Executive Officer's personal vehicle listed on the Group Home's Fixed Asset Inventory and all charges were being paid by the Group Home.

Attached are the details of CAD's review.

REVIEW OF REPORT

On February 22, 2016, Helga Kiaian, DCFS CAD Fiscal, held an exit conference with the Group Home's Accountant, Ivan Colon, IBS and the Bookkeeper, Renato, Tuano, IBS. The Group Home's representatives agreed with the review findings and recommendations, were receptive to implementing systemic changes to improve compliance with its DCFS contract and agreed to address the noted deficiencies in a Fiscal Corrective Action Plan (FCAP). The Group Home provided the attached approved FCAP that began to address the recommendations noted in this report.

Effective September 17, 2015, the Group Home was placed on a "Hold" status due to an increasing number of Community Care Licensing (CCL) complaints, children reporting not feeling safe in their placements and inappropriate interactions between the staff and placed children. The "Hold" status progressed to a "Do Not Use" status on December 24, 2015, when the Group Home failed to take immediate action to address the concerns and did not submit a complete Corrective Action Plan for DCFS' approval. All children were transitioned from the Group Home on January 25, 2016.

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

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

PLB:EM
LTI:dlf

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Calvin C. Remington, Interim Chief Probation Officer
John Naimo, Auditor-Controller
Public Information Office
Audit Committee
Sybil Brand Commission
Denise Gammage Executive Director, Macro Homes
Lenora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

MACRO HOMES
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2015 - 2016

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of Macro Homes (the Group Home's) financial records for the period of January 1, 2014 through October 31, 2015. CAD reviewed the 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 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

- The Chief Executive Officer's (CEO's) personal vehicle was parked at the CEO's home. This vehicle was listed on the Group Home's Fixed Asset Inventory and all of the expenses of the vehicle were paid by the Group Home.

A review of the vehicle's mileage logs showed 45 percent of the total miles driven on this vehicle were for the personal use of the Group Home's CEO. The CEO served as the Group Home's former Program Administrator and Social Worker.

The Group Home's Board of Directors created a Quality Assurance Team to monitor the usage and storage of all capital or non-capital equipment and created a policy to inform Macro employees of the parameters and guidelines for the usage of all capital equipment.

Recommendation:

The Board of Directors shall ensure that:

1. All Group Home's vehicles shall be parked at the Group Home location and only used for the Group Home's business.

NEXT FISCAL COMPLIANCE ASSESSMENT

The Group Home was placed on a "Do Not Use" status and all placed children were transitioned to new placements. There are currently no children placed with this Group Home.

MACRO HOMES

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Carolyn Ruffin
ADMINISTRATOR

VICTORIA HANCOCK, BA
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LETTY REESER
SECRETARY

ANDREA PAXTON, BA
TREASURER

Department of Children and Family Services
Contract Administration Division
425 Shatto Place
Los Angeles, CA 90020

March 22, 2016

Attention: Helga Kiaian / Fiscal Compliance Assessment

During the review of fixed assets inventory list CAD noted a Vehicle that was parked in front of the group home's administrator's house. The vehicle costs that are related to the personal use of the vehicle are unallowable costs. All Group Homes vehicles shall be parked at the GH location and used for children transportation.

Authority cited:

- Pursuant to A-C Handbook Part B (Internal Controls), Paragraph 4.2 (Asset Identification and Inventory), "All fixed assets including capital and non-capital asset equipment, purchased with Contract funds are to be used solely for the benefit of the Contract and should be appropriately tagged.

In response to the Fiscal Compliance Assessment the following Fiscal Correction Action Plan is submitted for review

The Board of Directors of Macro Homes recognizes the importance of ensuring that any and all capital and non-capital asses purchase with contracted monies be used solely for the contact. Therefore the following quality assurance components are being implemented to ensure strict adherences to this policy.

Macro Homes has created a quality assurance team (QAT) that will be responsible to monitor and maintain all appropriated documentations needed to represent adherence to any and all policies which fall under the QAT responsibility. This includes but not limited to all capital and non-capital assets of Macro Homes. In addition QAT will monitor the usage and storage of any capital or non-capital equipment and create a proper policy so that all Macro employees are knowledgeable of the parameters and guidelines for the usage of said equipment.

1. Identify and detail the organization's operational plan to include time frame for implementation protocol and or process the agency will incorporate to implement its change in approach and to prevent future findings.

- OAC Team will create a policy in regards to the usage of specific equipment. Including in this policy will be storage protocol, approvals needed in order to use the equipment. This policy will be implemented immediately following Board approval. Once Approved the QAT will ensure that all employees have a clear understanding of the policy and will document evidence of that knowledge and understanding.

2. Data the agency will collect and how that data will be used to inform process.

- QA Team will maintain all documents/ reports pertaining to this policy. Ensure that all documentation is maintain and up to date and ensure that proper documentation is always available in order to inform regulatory/contractual agencies of policy and procedural compliance.

3. Identity the position of the person who will be responsible for ensuring that the FCAP will be fully implemented, provide documentation to verify compliance with the FCAP.

- QA Team consists of a member of the Board of Director and Executive Director or designee. An alternative member would be assigned if needed and that would be the person who holds the position of Administrator of Macro Homes.

Denise Gammage

Executive Director, Macro Homes

Date: 3/22/2016

COUNTY USE ONLY

Exit Conference Date:

FCAP Due Date:

FCAP Received Date:

FCAP Addendum Requested:

FCAP Addendum Due:

FCAP Addendum Received: Date Approved:

POLICY

Policy Name:	Capital and Non-Capital Assets					
Section #:		Section Title:				
Approval Authority:			Adopted:		Reviewed:	
Responsible Executive:	Denise Gammage		Revised:			
Responsible Office:	Quality Assurance Team		Contact:			

1. ***Policy Statement***

MACRO HOMES divisions are designed to promote awareness, understanding, and satisfaction of its various programs at all times. Complete and quality execution of MACRO HOMES's designed programs are necessary for MACRO HOMES success, sustained existence, and ability to positively affect the lives of all persons served.

It is also understood that MACRO HOMES failure to adhere to any part of the documented accredited standards will/may result in monetary or other penalties, potentially impacting the viability of MACRO HOMES as well to effect negatively the commitments and obligations that MACRO HOMES intended to protect.

MACRO HOMES will continuously monitor its environments, and obtain new and revised policies, procedures and standards through knowledgeable resources to remain up to date and dynamic in the implementation of all program services.

2. ***Reason for Policy***

As a CARF accredited agency MACRO HOMES will accurately adhered to and guarantee compliance with the standards set forth in the section.

3. ***Who Should Read this Policy***

Board of Directors, Executive body staff, stakeholders and interested parties will all be required to have knowledge and understanding of these specific policies.

4. ***Resources***

State of California, Department of Social Services Title 22
Los Angeles County Master Agreement for FFA and Group Homes
California Corporation Codes
Labor Codes
HIPPA
CARF Accreditation Standards

5. ***Definitions***

Legal.

Oversite for all legal issues that include but not limited to law enforcement, Superior Court, attorneys will be governed by the Board of Director and/or the designee. MACRO HOMES will ensure that all staff, agents of the person served and all stakeholder will have complete knowledge of MACRO HOMES' definition to legal services and responsibilities.

Regulatory.

MACRO HOMES is governed by specific California Codes such as but not limited to the Health and Safety Codes, Welfare & Institution Codes, Labor Codes, Corporation Codes and Education code. Enforcement and compliance assurance with all regulations are the direct responsibility of the Quality Assurance Team (QAT)

Confidentiality.

Confidentiality is the utmost priority for the clients and family that are served by MACRO HOMES along with the professional personnel who provide the services and represented of MACRO HOMES. The Quality Assurance Committee ensure complete oversight and adherence according the all applicable laws.

Reporting.

MACRO HOMES has multi-level reporting requirements to ensure adherence to all applicable policies and regulations. In order for MACRO HOMES to fully comply within this reporting standard there will be collaborative work within several departments of MACRO HOMES. The Quality Assurance committee would facilitate, supervised and coordinate all reporting obligations.

Licensing.

California Department of Social Services licenses all care facilities for persons who cannot live alone but who do not need extensive medical services. The services provided in these facilities vary according to the needs of the individual, but typically include help with medications and assistance with personal hygiene, dressing and grooming.

Corporate status.

Officer of the Board are responsible to ensure that the corporate status on all levels federal, state, county and city are adhered to at all times. The Board will have a MOU on file with an attorney in order to assist in any matters that may need or result in edict consultation.

Rights of the persons served.

CHISS QAT will ensure adherence at all times, that the rights of all persons served are adhered to by any and all employees and any other stakeholder that may have involvement with the person served. MACRO HOMES will be required every employee and/or stakeholder to participate in a personal rights training along with signing a statement

Privacy of the persons served.

Confidential statement will include but not limited to:

I hereby agree to protect all CONFIDENTIAL DATA, INFORMATION, AND RECORDS learned or obtained by me, in any manner or form, while performing work pursuant to any and all contractual agreement with MACRO HOMES. Further, I hereby agree that I will not discuss, disclose, or disseminate, in any manner or form, such CONFIDENTIAL DATA, INFORMATION, AND RECORDS which I learned or obtained while performing work pursuant to my duties at MACRO HOMES and contractual agreement with any/all contractual, entities acts between contracts and with to any person not specifically authorized by law or by order of the appropriate court. I agree to forward all requests for the release of any CONFIDENTIAL DATA, INFORMATION, AND RECORDS received by me to my immediate supervisor.

I understand that I may not discuss, disclose, or disseminate anything to anyone not specifically authorized by law or by order of the appropriate court which could potentially identify an individual who is the subject of or referenced to in any way in any CONFIDENTIAL DATA, INFORMATION, AND RECORDS.

I further agree to keep confidential all CONFIDENTIAL DATA, INFORMATION, AND RECORDS pertaining to persons and/or entities receiving services from the MACRO HOMES, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced agreement. I agree that if proprietary information supplied by other contractors/vendors is provided to me during this employment, I shall keep such information confidential.

I further agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all CONFIDENTIAL DATA, INFORMATION, AND RECORDS to my immediate supervisor upon completion of my contract or termination of my employment with MACRO HOMES, whichever occurs first.

I understand and acknowledge that the unauthorized discussion, disclosure, or dissemination, in any manner or form, of CONFIDENTIAL DATA, INFORMATION, AND RECORDS may subject me to civil and/or criminal penalties.

Employment practices.

The QAT will ensure the maintenance of a comprehensive Employee Manual that will include but not limited to guidelines, standards and important information that every employee will need to be cognizant of as an operative of MACRO HOMES

Mandatory employee testing.

QAT will facilitate ongoing employee testing to ensure that each employee remains updated and have through knowledge of all matters that governed and regulate the way MACRO HOMES will operate

1. The assessment may include observation of performance, post-testing or demonstrated hands-on competency.
2. The assessment shall be documented in each staff personnel record.
3. When the QAT determines that staff does not understand and cannot apply the training, re-training will be required.

Policy

In the interest of workplace safety and security, to fulfill responsibilities to our customers and to ensure the smooth and efficient functioning of the office, Macro Homes must have access at all times to company property. Given that employees may not always be available to produce such property when needed, Macro Homes reserves the right to conduct searches at any time of company property, including workstations, desks and equipment, and company communication systems, as well as any contents, files, recordings, effects and articles they contain.

Workplace inspections may occur at any time, with or without advance notice or consent, subject to any constraints imposed by applicable law. Inspections may occur during, before or after working hours by any department manager or security personnel designated by the company. Because such searches may result in the discovery of an employee's personal possessions or documents (including electronic documents), employees are encouraged to refrain from bringing into the workplace, or causing to be created in the workplace, any item or personal property (including documents) that they do not wish to reveal to Macro Homes.

Macro Homes specifically reserves the right to access and disclose the contents of any part of the any communication systems used by a Macro Homes employee at any time when, in Macro Homes' sole discretion and judgment, such actions are warranted. Examples of situations in which Macro Homes might elect to seek access to such communications include, but are not limited to, the need to solve technical problems, investigation of possible employee misconduct, prevention of unauthorized disclosure of Company proprietary information, concerns about personal abuse of any communication systems, and review of communications upon the departure or death of an employee/user. Macro Homes may use information regarding the number, sender, recipient and address of such communication for any business reason

Company Equipment

Improper, careless, negligent, destructive, unauthorized or unsafe use or operation of Company equipment is prohibited. No duplication, sharing, or loaning of keys, safe combinations or alarm codes except with appropriate supervisors.

Personal Use of Company Property

In some instances, employees are not allowed to borrow Macro Homes' tools or equipment for their own personal use, employees may use equipment while on our premises. In no instance may this be done off our premises, or without prior management approval. You understand and agree that Macro Homes is not liable for personal injury incurred during the use of company property for personal projects since this would be unauthorized use.

Use of Company Vehicle(s)

If you are authorized to operate a Macro Homes vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

- You must be a CA licensed driver.
- You must maintain weekly mileage reports.
- You are responsible for following all the manufacturer's recommended maintenance schedules to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
- Macro Homes provides insurance on company vehicles, however, you will be considered completely responsible for any accidents, fines, moving or parking violations incurred.
- You must keep the vehicle clean at all times. You must also wash and vacuum the vehicle as often as necessary. You will be reimbursed for your reasonable expense of keeping the vehicle clean. Please retain any receipts for reimbursement.
- Persons not authorized or employed by Macro Homes cannot operate or ride in a company vehicle.
- Prior to operation of any company vehicle, your [Manager] will train you on the appropriate steps to take if you are involved in an accident - filling out the accident report, getting names of witnesses and so on.
- All vehicle are to be parked/stored at the Group Home Facility or Administration Offices. At no time should a vehicle be parked at another location unless it has been approved by the QCA and specific documentation is file with Administration