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December 2, 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

COMMUNITY YOUTH SPORTS AND ARTS FOUNDATION GROUP HOME FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of the Community Youth Sports and Arts Foundation (the Group Home) in November 2015. The Group Home had one site, located in the Second Supervisorial District and provided services to the County of Los Angeles Probation placed children. According to the Group Home's Program Statement, its purpose is "to treat boys who have been physically, sexually and emotionally abused."

At the time of the review, the Group Home had a licensed capacity for six children; there was one youth placed in the Group Home. The youth's age was 18 and the length of stay was 18 months.

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 2 of 5 applicable areas of the Fiscal Compliance Assessment: Loans, Advances and Investments; and Board of Directors and Business Influence.

CAD identified potential internal control weaknesses in the areas of: Financial Overview, related to incurring a loss from operation and negative net asset, and tax return not filed with an account balance; Cash/Expenditures, related to the bank reconciliations not prepared timely; and Payroll and Personnel, related to timecards not signed by employees or supervisors.

Attached are the details of CAD's review.

REVIEW OF REPORT

On June 8, 2016, Luis Moreno, DCFS CAD, held an exit conference with the Group Home Representative: Glenn Scott, Executive Director. The Group Home representative agreed with the review findings and recommendations.

The Group Home has closed and a new placement was found for the last youth at the Group Home on May 3, 2016. The Group Home did not submit a Fiscal Corrective Action Plan and was placed in the County's Contractor Alert Reporting Database.

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:KR
LTI:lm

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Calvin C. Remington, Interim Chief Probation Officer
John Naimo, Auditor-Controller
Glen Scott, Executive Director, Community Youth Sports and Arts Foundation
Public Information Office
Audit Committee
Lenora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

COMMUNITY YOUTH SPORTS AND ARTS FOUNDATION
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2015 - 2016

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of the Community Youth Sports and Arts Foundation (the Group Home) financial records for the period of January 1, 2014 through March 30, 2016. The Contracts Administration Division (CAD) reviewed the financial statements, bank statements, check registers, 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 applicable areas of the Fiscal Compliance Assessment: Loans, Advances and Investments; and Board of Directors and Business Influence.

FISCAL COMPLIANCE

CAD found the following three areas out of compliance:

Financial Overview

- According to the Audited Financial Statements for the period ending December 31, 2014, the Contractor incurred a loss from operation of $24,007 and a net asset deficit of $29,434.

- The Internal Revenue Service (IRS) transcripts for the quarter ending September 30, 2015 and March 30, 2016 were not filed and has an account balance of $9,038.44 and $3,620.61, respectively.

Recommendation:

The Group Home's management shall ensure that:

1. The Group Home develops and implements a plan to eliminate the net assets deficit and loss from operations and prevent future net asset deficit and loss from operations.

2. The Group Home shall submit tax returns timely and pay its liabilities.

Cash/Expenditures

- Bank reconciliations for August 2015 were not prepared within 30 days; they were prepared and reviewed on October 31, 2015.

Recommendation:

The Group Home's management shall ensure that:

3. Bank reconciliations are prepared and reviewed within 30 days.

Payroll and Personnel

- Four of twelve timecards were not signed by the employees and two of twelve timecards were not signed by the employee's supervisor.

Recommendation:

The Group Home's management shall ensure that:

4. Timecards are signed by employees and supervisors.

PRIOR YEAR FISCAL COMPLIANCE ASSESSMENT FOLLOW-UP

CAD conducted a Fiscal Compliance Assessment of the Group Home in County Fiscal Year (FY) 2014-2015. The assessment resulted in four recommendations. CAD verified that the Group Home implemented three recommendations.

NEXT FISCAL COMPLIANCE ASSESSMENT

There are currently no children placed with this Group Home and the Contract expired on September 30, 2016, and was not renewed.