



**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

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Fifth District

December 9, 2016

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Philip L. Browning
Director

T & T HOME FOR BOYS FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of T & T Home for Boys (the Group Home) in February 2016. The Group Home has one site located in the Second 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 comprehensive behavior and social adjustment services to its adolescent males who experience emotional disturbance, physical abuse, poor social adjustment, behavioral problems and learning disabilities."

At the time of review, the Group Home served six placed children. The placed children's overall average length of placement was six months and their average age was 17.

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 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: Loans, Advances and Investments; Board of Directors and Business Influence; Cash/Expenditure; and Payroll and Personnel.

"To Enrich Lives Through Effective and Caring Service"

Each Supervisor
December 9, 2016
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CAD identified a potential internal control weakness in the area of Financial Overview, related to the audited financial statements indicating that the Group Home had an operational loss of \$17,068 for its fiscal year that ended June 30, 2015.

Attached are the details of CAD's review.

REVIEW OF REPORT

On April 8, 2016, Ali Gomaa-Mersal, DCFS CAD, held a fiscal exit conference with the Group Home's Administrator, Jimmy Theragood. The Group Home's representative agreed with the review finding and recommendation, was receptive to implementing systemic changes to improve compliance with regulatory standards, and agreed to address the noted potential internal control weakness in a Fiscal Corrective Action Plan (FCAP). The Group Home provided the attached approved FCAP that began to address the recommendation noted in this report.

A copy of this compliance report has been sent to the Auditor-Controller (A-C) 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:agm

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
Darlene Theragood, Executive Director, T & T Home for Boys
Lenora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

**T & T HOME FOR BOYS
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2015 - 2016**

SCOPE OF REVIEW

The Fiscal Compliance Assessment included review of T & T Home for Boys Group Home's (the Group Home's) financial records for the period of January 1, 2014 through December 31, 2015. The Contracts Administration Division (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: Loans, Advances and Investments; Board of Directors and Business Influence; Cash/Expenditures; and Payroll and Personnel.

FISCAL COMPLIANCE

CAD found the following one area out of compliance:

Financial Overview

- The audited financial statements indicated the Contractor had an operational loss of \$17,068 for its fiscal year that ended on June 30, 2015.

The Group Home indicated that the loss was due to a reduction in the number of placed children throughout 2015. The Group Home also stated they will closely monitor operating expenses and their operating budget to reduce future operational losses.

Recommendation:

The Board of Directors shall ensure that:

1. A plan is developed and implemented to eliminate operational losses.

NEXT FISCAL COMPLIANCE ASSESSMENT

If this Group Home makes the transition to a Short Term Residential Therapeutic Program, the next Fiscal Compliance Assessment of the Group Home will be conducted in County Fiscal Year 2016-2017.

T&T Home for Boys
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Carson, CA 90746
310-635-2469
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May 4, 2016

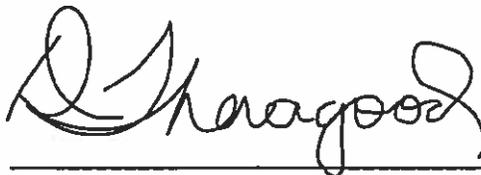
To: Ali Gomaa-Mersal, Department of Children and Family Services
From: T&T Home for Boys: Jimmie Theragood, Administrator
Subject: **FISCAL CORRECTIVE ACTION PLAN (FCAP)**

1. **The audited financial statement indicated that the Contractor had loss from operation in the amount of \$17,068 for the year ending June 30, 2015.**

Agency Proposed FCAP: T&T Home for Boys will ensure that operating expenses will not exceed revenues by adjusting and reviewing their budget.

Due to the lack of lower placement throughout the year of 2015 we experienced a decrease in the amount received to run the agency and from this situation it enlightened our team on cost that need to be cut and/ or reallocated to function whether the facility has 2 clients or 6 clients, below are some changes we will make to prevent a future loss.

- Reduction on all staff salaries including Administrative Staff and Executive Directors.
- Negotiate a new worker's compensation insurance to reduce the high premium on child care classification.
- During the lack of placement all expenses to maintain and operate remained the same and was taken care of regardless of the lack of income, for future instances there will be a thorough check and balance system in place to ensure every reduction will be applied accordingly so the expenses do not exceed the budget.



Darlene Theragood, Executive Director