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November 22, 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

FIRST PLACE FOR YOUTH TRANSITIONAL HOUSING PROGRAM PLUS FOSTER CARE CONTRACT FISCAL COMPLIANCE REVIEW

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of the First Place for Youth Transitional Housing Program plus Foster Care (the THP+FC) in December 2015. The THP+FC has one site located in the Second Supervisorial District and provides services to the County of Los Angeles DCFS and Probation Non-minor dependents (NMDs) between the ages of 16-24, and their children. According to the THP+FC's Plan of Operation, its mission is "to prevent poverty and homelessness among youth who have grown up in the foster care system by providing them with the resources and support required to make a successful transition to independent living."

SUMMARY

CAD conducted a Fiscal Compliance Assessment which included an agency-wide review of the THP+FC'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 Transitional Housing Program-Plus (THP-Plus) contract, Transitional Housing Placement-Plus Foster Care (THP+FC) Contract, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook), and other applicable federal, State, and County regulations and guidelines.

The THP+FC 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 a potential internal control weakness in the area of Cash/Expenditures, related to Participant Savings Ledgers not posting the monthly accruing interest and not being signed by the foster youth.

Attached are the details of CAD's review.

REVIEW OF REPORT

On November 13, 2015, Joe Jimenez Jr., DCFS CAD, held a fiscal exit conference with the THP+FC representatives: Helen Hong, Southern California Executive Director, and Karina Vasquez, Accounting Manager. The THP+FC's representatives agreed with the review findings and recommendations; were 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).

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

The THP+FC provided the attached approved FCAP addressing the recommendations noted in this compliance report.

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

PLB:KR
LTI:jj

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
Sam Cobbs, Chief Executive Officer, First Place for Youth
Leonora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

FIRST PLACE FOR YOUTH
TRANSITIONAL HOUSING PROGRAM PLUS FOSTER CARE
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2015 – 2016

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of the First Place for Youth's (the THP+FC's) financial records for the period of July 1, 2013 through June 30, 2015. The Contracts Administration Division (CAD) reviewed financial statements, bank statements, check register, and personnel files to determine their compliance with the terms, conditions, and requirements of the Transitional Housing Program-Plus (THP-Plus) contract, Transitional Housing Placement-Plus Foster Care (THP+FC) 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 THP+FC was in full compliance with 4 of the 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

- Participant Savings Ledgers did not post the monthly accruing interest and were not signed by the foster youth.

Effective immediately, the THP+FC will post the interest accrued retroactively (from when the youth entered THP+FC) to the Participant Savings Ledgers, and staff will ensure that each foster youth signs and reviews their savings ledger to verify their most recent balance. Additionally, copies of the savings ledger will be kept in each foster youth's file and a copy will be sent to the County of Los Angeles for their records.

RECOMMENDATIONS

The THP+FC management shall ensure that:

1. Participant Savings Ledgers list the ongoing monthly accruing interest and are reviewed and signed by the foster youth monthly.

MOST RECENT FISCAL REVIEW CONDUCTED BY THE AUDITOR-CONTROLLER

A recent fiscal review of the Transitional Housing Program has not been posted by the Auditor-Controller.

NEXT FISCAL COMPLIANCE ASSESSMENT

The next Fiscal Compliance Assessment of the THP+FC will be conducted in County Fiscal Year 2016-2017.

December 4, 2015

Via Electronic Email to Jimenj@dcfs.lacounty.gov
Joe Jimenez, Jr.
DCFS
3530 Wilshire Blvd, 5th FL
Los Angeles, CA 90010

RE: Fiscal Corrective Action Plan (FCAP)

Dear Mr. Jimenez:

This letter responds to the Exit Summary and Request for Corrective Action on November 13, 2015. Based on the Exit Summary, First Place for Youth had one finding in the five areas reviewed in the Fiscal Compliance Assessment Tool. The only area that was identified was in Section IV which you found: 1) Participants Savings Ledger did not list monthly accruing interest and 2) Participant Savings Ledgers were not reviewed and signed by the clients on a monthly basis.

First Place for Youth Response
1) Effective immediately, First Place for Youth will present the interest accrued retroactively (when the youth entered THP Plus) up to present on all the THP Plus participant savings ledgers.

2) First Place for Youth program staff meets and provides each participant on a monthly basis to review their saving ledgers. After review, each participant will sign their saving ledger form to acknowledge the total amount of savings and interest. The original forms will be saved in each individual youth file and a copy of the savings ledger will be sent to the County.

Karina Vasquez, Accounting Manager is the fiscal contact to ensure the accurate reflection of interest on the monthly ledger. Michelle Zajac is the Regional Director for program compliance for client signatures. Please contact me at hhong@firstplaceforyouth.org or at (213) 835-2701 if you have additional questions or concerns.

Sincerely,

Hellen Hong

Hellen Hong, JD
Southern California Region Executive Director