



County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602



BOBBY D. CAGLE
Director

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August 21, 2019

To: Supervisor Janice Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Kathryn Barger
From: *Cynthia McCoy Miller for*
Bobby D. Cagle
Director

RENAISSANCE UNLIMITED HOMES FISCAL COMPLIANCE ASSESSMENT

REVIEW OF REPORT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of Renaissance Unlimited Homes (the Contractor) in December 2018. The Contractor provides Transitional Housing Placement Program and Transitional Housing Placement-Plus Foster Care services, and is headquartered in the Second Supervisorial District.

Key Outcomes

NUMBER OF PRIORITY FINDINGS
PRIORITY 1 1
PRIORITY 2 1
PRIORITY 3 1

CAD conducted an on-site Fiscal Compliance Assessment review of the Contractor's financial records which consisted of: financial statements; bank statements; check register(s); and personnel files. The review also focused on five key areas of internal controls to determine their compliance with Transitional Housing Placement Contract: Financial Overview (financial records, bank statements); Loans, Advances and Investments; Board of Directors and Business Influence; Cash/Expenditures (Check Registers); and Payroll and Personnel files.

The Contractor was in full compliance with 3 of 5 areas of the Fiscal Compliance Assessment: Loans, Advances and Investments; Board of Directors and Business Influence; and Payroll and Personnel.

"To Enrich Lives Through Effective and Caring Service"

Each Supervisor
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CAD identified potential internal control weaknesses in the area(s) of: Financial Overview, related to unallowable payroll tax penalties and interest; Cash/Expenditures, related to a bank reconciliation not signed by the reviewer; and the Fixed Assets Listing not being properly formatted.

On January 30, 2019, the DCFS CAD Fiscal Specialist IV, held an exit conference with the Contractor's Executive Director. The Contractor's representative agreed with the review findings and recommendations; 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 Contractor provided the attached approved FCAP addressing the recommendation noted in this report.

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

BDC:KR
LTI:jjj

Attachments

- c: Sachi A. Hamai, Chief Executive Officer
Arlene Barrera, Acting Auditor-Controller
Terri L. McDonald, Chief Probation Officer
Sheila Mitchell, Chief Deputy Probation Officer, Juvenile Services
Public Information Office
Audit Committee
Joan Aschoff, Executive Director, Child and Family Center
Blanca Vega, DCFS Program Director



**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES (DCFS)**

Exit Summary and Request for Fiscal Corrective Action Plan

Fiscal Compliance Assessment - Internal Control Questionnaire Summary of Findings

Contractor: Renaissance Unlimited Homes
 Supervisorial District(s): 2nd Supervisorial
 On Site - Fiscal Compliance Assessment: 12/17/18 - 12/20/18
 Entrance Conference Date: 12/17/18 Exit Conference Date: 1/30/19
 FCAP Due Date: 3/2/19 FCAP Approval Date: 2/28/19
 FCAP Received Date: 2/28/19 FCAP Follow-up Date: NA

Renaissance Unlimited Homes (the contractor) is a 501 (C)3 non -profit organization that contracts with the Los Angeles County Department of Children and Family Services to provide Transitional Housing Placement Program and Transitional Housing Placement-Plus Foster Care Services.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

FCAT Section I - Financial Overview			
ISSUE	RECOMMENDATION	RANK	SUMMARY RESPONSE
The Internal Revenue Service Account transcripts show that the agency incurred unallowable payroll tax penalties and interest charges of \$3,874.24 for the quarters ending March 31, 2018; June 30, 2018, 1 and September 30, 2018	Payroll tax returns are filed and paid when due, and existing delinquent taxes are resolved with IRS.	1	The Agency understands that penalties and interest are not to be paid with AFDC funds. The Executive Director has reimbursed the agency the sum of \$3,874.24 being IRS penalties and interest paid with agency funds. The agency has transferred the responsibility of withholding and paying payroll taxes from in-house to the independent contractor that handles payroll services for the agency.
FCAT Section IV - Cash and Expenditures			
ISSUE	RECOMMENDATION	RANK	SUMMARY RESPONSE
One of the three bank reconciliations was not signed 1 by the reviewer.	Completed bank reconciliations are signed and dated by both the preparer and reviewer.	2	All bank reconciliations have been signed by the reviewer. The Executive Director will ensure that there is future oversight to confirm the signing of all bank reconciliations.
Fixed Asset Listing is not properly formatted, does not include funding source used to purchase the 2 asset.	A fixed assets inventory list is maintained that includes item description, serial number, date of purchase, acquisition cost and source(s) of funding.	3	The agency has added a column on the fixed assets listing that shows the source of funding used to purchase the asset. The Executive Director will ensure that the source of funding for fixed assets are included in all fixed assets purchases.



**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES (DCFS)**

Exit Summary and Request for Fiscal Corrective Action Plan

Fiscal Compliance Assessment - Internal Control Questionnaire Summary of Findings

The County of Los Angeles Department of Children and Family Services, Contract Administration Division's (CAD's) Fiscal Section found deficiencies in the following areas: (Indicate either Full Compliance, Improvement Needed, or Not Applicable for each area below)

FCAT Section	Fiscal Year 2017-18	Fiscal Year 2018-19
I. Financial Overview	Improvement Needed	Improvement Needed
II. Loans, Advances and Investments	Not Applicable	Full Compliance
III. Board of Directors and Business Influence	Not Applicable	Full Compliance
IV. Cash/Expenditures	Improvement Needed	Improvement Needed
V. Payroll and Personnel	Improvement Needed	Full Compliance

Reviewed and Approved by	Signature	Date
Fiscal Compliance Reviewer, Financial Specialist IV Print Name: Joe Jimenez Jr.		
Fiscal Compliance Unit Manager, ASM II Print Name: Enrique Valdez		
Contract Compliance Section manager Print Name: Diana Flagg		
CAD Division Manager, Print Name: Leticia Torres-Ibarra		
Administrative Support Bureau (ASB) Chief Print Name: Kym Renner, Deputy Director		

Renaissance Unlimited Homes, Inc.

3756 Santa Rosalia Dr. Suite 523A Phone: 323-935-1786
Los Angeles, California 90008 Fax: 323-935-5411

Renaissance Pride: License #198209064

February 28, 2019

Joe Jimenez, Fiscal Compliance Administrator
Contracts Administrative Division
DCFS CAD Compliance Fiscal
3530 Wilshire Blvd, 5th Floor
Los Angeles, CA 90010

RE: Renaissance Unlimited Homes, Inc.
Fiscal Compliance Assessment-Corrective Action Plan

Dear Mr. Jimenez,

This is the Corrective Action Plan addressing the findings of the Fiscal Compliance Assessment of our agency you completed on January 30th, 2019. Our agency is working diligently to ensure ongoing compliance with all contract requirements.

Finding: "The Internal Revenue Service Account Transcripts show that the agency incurred unallowable payroll tax penalties and interest charges of \$3874.24 for the quarters ending March 31, 2018; June 30, 2018; and September 30, 2018."

Corrective Action Implemented 02/28/2019 and ongoing: The agency understands that penalties and interest are not to be paid with AFDC funds. The Executive Director has reimbursed the agency the sum of \$3874.24 being IRS penalties and interest paid with agency funds.

The agency has transferred the responsibility of withholding and paying payroll taxes from in-house to the independent contractor that handles payroll services for the agency.

The Board of Directors of Renaissance Unlimited Homes, Inc. has approved the transfer of tax withholding and deposits to the Independent Contractor.

The Board of Directors has directed its Chief Financial Officer and the Executive Director to monitor and ensure that there are no future IRS deposit penalties and late payment interest.

Renaissance Unlimited Homes
Fiscal Compliance Corrective Action Plan
February 28, 2019

Finding: "One of the three bank reconciliations was not signed by the reviewer"

Action taken 01/30/2019 and Ongoing: All bank reconciliations have been signed by the reviewers.

The Executive Director will ensure that there is no future oversight in signing any bank reconciliation.

Finding: "Fixed Asset Listing does not include a column that shows the source of funding used to purchase the asset"

Action taken 01/30/2019 and Ongoing: The agency has added a column on the fixed asset listing that shows the source of funding used to purchase the asset.

The Executive Director will ensure that the source of funding for fixed assets are included in all fixed asset purchases.

Please feel free to contact us if you have any questions.

Respectfully Submitted,

Renaissance Unlimited Homes Inc.



Chris N. Onyegbaduo
Executive Director

C: Renaissance Board of Directors
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Marcel Njoku, menjoku@aol.com
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