



County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Los Angeles, California 90020
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October 9, 2020

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

From: Cynthia McCoy Miller for
Bobby D. Cagle
Director

GRACE RESOURCES FISCAL COMPLIANCE ASSESSMENT (DESK REVIEW)

REVIEW OF REPORT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment (Desk Review) of Grace Resources (the Contractor) in June and July 2020. The Contractor provides a Family Visitation/Safe Child Custody Exchange Program and is headquartered in the Fifth Supervisorial District.

Key Outcomes

Table with 4 rows: NUMBER OF PRIORITY FINDINGS, PRIORITY 1 (1), PRIORITY 2 (0), PRIORITY 3 (0)

CAD conducted a Fiscal Compliance Assessment (Desk Review) of the Contractor's financial records (Financial Overview) to determine their compliance with the Family Visitation/Safe Child Custody Exchange contract.

CAD identified a potential internal control weakness in the area of:

Priority 1

- Financial Overview
 - The Annual Financial Statements for the fiscal year ending December 31, 2017, reflected a deficit in Change in Net Assets of \$35,182, due to the operational losses from the operation of a thrift store that closed on August 7, 2017, and a Community Homeless Shelter that closed on December 31, 2018; both in the City of Lancaster, CA.

On July 22, 2020, DCFS' CAD Financial Specialist IV held an exit conference with the Contractor's representatives: Executive Director and Director of Operations. The Contractor's representatives agreed with the review finding and recommendation, 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).

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:ai

Attachments

c: Fesia Davenport, Acting Chief Executive Officer
Arlene Barrera, Auditor-Controller
Public Information Office
Audit Committee

Grace Resources

August 17, 2020

ALAIN INIEGO
FISCAL COMPLIANCE ADMINISTRATOR
CONTRACT ADMINISTRATION DIVISION
3530 Wilshire Blvd., 5th Floor #026
Los Angeles, California 90010

RE: Fiscal Corrective Action Plan – Grace Resources

Alain,

A 2017 Fiscal Audit of Grace Resources reflected a deficit in change in net assets of \$35,182. This deficit was the result of a Thrift Store that was losing money monthly and operating the Lancaster Community Homeless Shelter. The Fiscal Corrective Action Plan was as follows:

August 7th, 2017 – Lancaster Community Homeless Shelter was closed in conjunction with the City of Lancaster

December 31, 2018 – Grace Thrift Store was closed

These corrective action steps, in addition to reduced spending at the Resource Center and better fundraising, have eliminated the deficit in net assets.

Should you have any question, please do not hesitate to contact me.

Sincerely,



Jeremy R. Johnson
Executive Director
Grace Resources
(661) 940-5272
j.johnson@graceresources.org