



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

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

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February 19, 2021

To: Supervisor Hilda L. Solis, Chair
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From: Bobby D. Cagle
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**LOS ANGELES COUNTY OFFICE OF EDUCATION
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 the Los Angeles County Office of Education (the Contractor) in March and June 2020. The Contractor provides Tutoring and Education Support Services and is headquartered in the Fourth Supervisorial District.

Key Outcomes

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 Tutoring and Education Support Services contract.

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

“To Enrich Lives Through Effective and Caring Service”

Each Supervisor
February 19, 2021
Page 2

Priority 1

- Financial Overview
 - The Annual Financial Report for the fiscal year ending June 30, 2019, reflected a deficit in Total Net Position of \$10,714,920.

On June 18, 2020, DCFS CAD Financial Specialist IV held an exit conference with the Contractor's representative: Financial Operations Team Leader. The Contractor'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 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, Chief Executive Officer
Arlene Barrera, Auditor-Controller
Public Information Office
Audit Committee
Ms. Jennifer Kottke, Coordinator III (Educational Services), LACOE



Los Angeles County Office of Education

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July 6, 2020

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Alain Iniego, Fiscal Compliance Administrator
County of Los Angeles, Department of Children and Family Services
Contract Administration Division
3530 Wilshire Blvd., 5th Floor #026
Los Angeles, California 90010

Dear Mr. Iniego,

Per our discussions and as requested in your June 11, 2020 letter, the following is the Los Angeles County Office of Education's (LACOE) Fiscal Corrective Action Plan, in regards to the Fiscal Compliance Assessment Desk Review completed on February 20, 2020.

LACOE contracts with the Los Angeles County Department of Children and Family Services to provide Tutoring and Education Support Services, coordinated by LACOE's Foster Youth Services program.

Fiscal Compliance Assessment Tool Desk Review – Financial Overview

Finding:

The Annual Financial Report for the fiscal year ended June 30, 2019 reflected a deficit in Total Net Position of \$10,714,920.

Response:

LACOE's 2017-18 deficit in Total Net Position of \$56.0 million was the result of recognizing the agency's unfunded pension liability as required by Governmental Accounting Standards Board Statements 45 and 68. In 2018-19 the agency's net position increased by \$45.3 million - a positive trend - reflecting a deficit in Total Net Position of \$10.7 million. The agency's 2018-19 net fund balance was \$319.3 million. LACOE currently has an effective cash management system of revenues and expenditures, with sufficient cash flow and fiscal viability, which is reviewed annually during single audits conducted by the agency's external auditor, as required by Federal Uniform Guidelines. In addition, LACOE will be making a \$19 million prepayment in July 2020 to be applied to the unfunded liability, which will further strengthen the agency's Total Net Position going forward.

Mr. Alain Iniego
July 6, 2020
Page 2

If you have any questions, please call Dan Rodarte, Financial Operations Team Leader at (562) 803-8307.

Sincerely,


Marjam Clark (Jul 6, 2020 16:47 PDT)

Marjam Clark
Director, Division of Accounting & Budget Development

MC:np