



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

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

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Chief Deputy Director

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September 15, 2021

To: Supervisor Hilda L. Solis, Chair  
Supervisor Holly J. Mitchell  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

From: *Cynthia McCoy Miller for*  
Bobby D. Cagle  
Director

**CHANGING THE HEALTH OF ADOLESCENTS IMPACTING THE NATION  
REACTION 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 Changing the Health of Adolescents Impacting the Nation Reaction (the Contractor) in March 2021. The Contractor provides Transitional Housing Placement Program services for Non-Minor Dependents (THPP-NMD) and is headquartered in the Second Supervisorial District.

**Key Outcomes**

NUMBER OF PRIORITY FINDINGS
PRIORITY 1 1
PRIORITY 2 0
PRIORITY 3 0

*“To Enrich Lives Through Effective and Caring Service”*

CAD conducted a Fiscal Compliance Assessment (Desk Review) of the Contractor's financial records (Financial Overview) to determine their compliance with the THPP-NMD Contract.

CAD identified potential internal control weaknesses in the area of:

Priority 1

- Financial Overview
  - According to the Audited Financial Statements for the Fiscal Year ending December 31, 2019, the Contractor incurred a negative net asset of \$14,653. This is a \$34,584 reduction of the prior year's deficit of \$49,237.

On May 27, 2021, the DCFS CAD Financial Specialist IV held an exit conference with the Contractor's representative: Executive Director. 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:hk

Attachments

c: Fesia Davenport, Chief Executive Officer  
Arlene Barrera, Auditor-Controller  
Adolfo Gonzales, Chief Probation Officer  
Brandon Nichols, Chief Deputy Probation Officer  
Public Information Office  
Audit Committee  
Dr. Jessica Saint-Paul, Chief Executive Officer, C.H.A.I.N. Reaction  
Kellee Coleman, Regional Manager, Community Care Licensing Division  
Monique Marshall-Turner, Regional Manager, Community Care Licensing Division  
Maurissa Mitchem, Program Manager



Helga Kiaian  
Fiscal Compliance Administrator  
Department of Children and Family Services  
Contract Administration Division  
3530 Wilshire Blvd., 5<sup>th</sup> Floor  
Los Angeles, CA. 90010

**Sent Via Email Friday, July 9, 2021 attention  
Helga Kiaian, DFCS [KiaiaH@dcsf.lacounty.gov](mailto:KiaiaH@dcsf.lacounty.gov)**

**Fiscal Corrective Action Plan**

**Financial Compliance Assessment (FCAT)  
Review Period: FCAT March 16, 2021 – May 27, 2021  
Internal Control Questionnaire May 17, 2021  
Section I- Financial Overview**

**FCAT Question No. 4**

**Finding: According to the Audited Financial Statements for the period ending December 31, 2019, the Contractor incurred negative net assets of \$14,653.**

**Fiscal Corrective Action Plan (FCAP)**

Prior to this most recent Desk Review conducted during the period reflected above, Changing the Health of Adolescents Impacting the Nation Reaction, Inc. (C.H.A.I.N. Reaction, Inc.) incurred negative net assets \$51,503 in December 31, 2018. The negative net assets were decreased by \$36, 850 in 2019. Which left negative net assets in the amount of \$14,653. Nevertheless, C.H.A.I.N. Reaction Inc. has been diligent in paying debts as they become due.

On Jul 7, 2019, the Board of Directors voted to start making payments to Officer's Payable account after revolving credit was paid in full to decrease the organization's liabilities. The Officer's Payable liability was part of the repayment plan, but the Board of Directors mutually agreed to pay off the additional liabilities with interest first prior to repaying the Officer's Payable loan which was at no interest and no pre-payment penalty.

Administration cost were continued to be reduced without adversely affecting program operations. At year end December 31, 2019, CHAIN Reaction, Inc. noncurrent liabilities were in the amount of \$28,594 (Officer's Payable). On December 30, 2020, the Officer's Payable account was repaid in full and C.H.A.I.N. Reaction, Inc. no longer had noncurrent liabilities which was most of the debt which contributed to the for the \$14,653 in negative net assets.



## Changing the Health of Adolescents Impacting the Nation Reaction, Inc.

*Improving Health Care and Reducing Health Risk Behaviors in Foster Care Youth, Adolescents and Communities*

To maintain positive cash flow for program operations and to pay expenses as expenses become due, the Executive Director will continue to work with the Fiscal Administrative Assistant monthly to monitor and pay expenses timely.

1. The Fiscal Administrative Assistant documents expenses and completes the monthly deposit and check registers including electronic utility payments for the housing site on an Excel Spreadsheet on CHAIN Reaction, Inc. One Drive account.
2. The Executive Director reviews the deposits, expenses, and check registers for accuracy.
3. The Fiscal Administrative Assistant submits the spreadsheets along with the statements to the accountant monthly.

The Board of Directors will continue to review the status of liabilities during quarterly meetings to ensure all expenses are paid in full when the expenses become due.

C.H.A.I.N. Reaction, Inc. is in a better financial position in 2021 despite the COVID-19 pandemic. C.H.A.I.N. Reaction, Inc. plans to expand housing options for youth during the 3rd quarter 2021 which will allow the organization to continue their mission to provide case management and supportive transitional housing and increase revenue to pay for program operational cost.

If you have any questions or concerns as outlined in our FCAT Corrective Action Plan, please feel free to call me on 310-428-1290. I can also be reached by email at [ceo@chainreactioninc.org](mailto:ceo@chainreactioninc.org).

Sincerely,

Dr. Jessica Saint-Paul, DMSc, PA, MPH, MCHES  
Chief Executive Officer  
Executive Director