



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

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

BOBBY D. CAGLE
Director

GINGER PRYOR
Chief Deputy Director

Board of Supervisors
HILDA L. SOLIS
First District
HOLLY J. MITCHELL
Second District
SHEILA KUEHL
Third District
JANICE HAHN
Fourth District
KATHRYN BARGER
Fifth District

September 17, 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

EGGLESTON YOUTH CENTERS FISCAL COMPLIANCE ASSESSMENT

REVIEW OF REPORT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a virtual Fiscal Compliance Assessment of Eggleston Youth Centers (the Contractor) for County Fiscal Year 2020-2021. The Contractor provides Short-Term Residential Therapeutic Program (STRTP), Foster Family Agency (FFA), and Intensive Services Foster Care – Serious Emotional and Behavioral Needs (ISFC-SEBN) contracted program services. The Contractor is headquartered in the First Supervisorial District.

Key Outcomes

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

CAD conducted a virtual 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 focused on five key areas of internal controls to determine their compliance with the STRTP, FFA and ISFC-

SEBN contracts: Financial Overview (financial records, bank statements); Loans, Advances and Investments; Board of Directors and Business Influence; Cash/Expenditures; and Payroll and Personnel.

CAD identified potential internal control weaknesses in the following areas:

Priority 1

- Board of Directors and Business Influence
 - Less-than-arm's length transaction – Monthly lease amount for a property owned by the Assistant Executive Director was greater than the cost of ownership amount.
- Cash/Expenditures
 - Checks were payable to the Executive Director, an authorized check signor, without the signature of a Board member.
 - The weekly allowance for one STRTP participant was not adjusted to the new rate effective July 1, 2020. It was also noted that the clothing allowance logs did not reflect the new rate, although two participant's monthly receipts were above the new rate, one participant was below; and the balance for the month was not correct.

On April 7, 2021, the DCFS CAD Financial Specialist IV held an exit conference with the Contractor's Executive Director. The Contractor's representative agreed with the review findings and recommendations, and were receptive to implementing systemic changes to improve compliance with regulatory standards. The Contractor agreed to address the noted potential internal control weaknesses in a Fiscal Corrective Action Plan (FCAP).

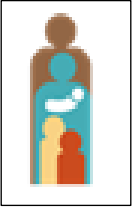
The Contractor provided the attached approved FCAP addressing the recommendations noted in this report.

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

BDC:KDR
LTI:ms

Attachments

c: Fesia Davenport, Chief Executive Officer
Arlene Barrera, Auditor-Controller
Adolfo Gonzalez, Chief Probation Officer
Brandon Nichols, Chief Deputy Probation Officer
Public Information Office
Audit Committee



Eggleston Youth Centers, Inc.

Healing. Hope. Resiliency.

256 West Badillo Street, Covina, CA 91723

(626) 480-8107 (office) (626) 480-7688 (fax)

May 6, 2021

Luis Moreno, Fiscal Compliance Administrator
County of Los Angeles Department of Children and Family Services
3530 Wilshire Boulevard 5th Floor
Los Angeles, CA 90010

Subject: Fiscal Monitoring Review Corrective Action Plan

Dear Mr. Moreno:

In response to the 2020-21 Fiscal Compliance Assessment conducted by the Department of Children and Family Services, Contracts Administration Division, I am submitting the following Fiscal Corrective Action Plan (FCAP) to address findings of Questions #14, 18 and 30:

Question #14 (Finding): The Agency leases a property from the Assistant Executive Director located at 215 West La Verne, Pomona, CA 91767 for \$2,940 per month, which is higher than the cost of ownership of \$2,537.63

Response: Eggleston's Board of Directors adjusted the monthly rent paid to the Assistant Executive Director from \$2,940.00 to \$2,538.00. The adjustment was made effective 11/26/2021. To ensure the sale or lease back arrangements is in compliance with less than arm's length policy, Eggleston's board will annually review cost of ownership based on depreciation, maintenance, mortgage interest, taxes and insurance. Eggleston's board president is responsible for ensuring the less than arm's length policy is enforced.

Question #18 (Finding): Inappropriate signature based on organizational chart hierarchy.

Response: Immediately upon being informed that checks issued to the Executive Director required a signature by an Eggleston's board member, all checks issued to the Executive Director have been signed by Eggleston's board president. The date of implementation is 11-30-2021.

Question #30 (Finding): Weekly allowance for one STRTP participant was not adjusted beginning 7-1-2021 from \$26.00 to \$27.00. Also, one STRTP participant's clothing allowance was not adjusted from \$75.00 to \$75.70

Response: The one STRTP participant was reimbursed \$2.00 to bring his weekly allowance to \$27.00. The other STRTP participant was reimbursed \$1.40 to bring his monthly clothing allowance to \$75.70. The weekly allowance for Eggleston's STRTP youth will be paid in accordance to CDSS guidelines. The Agency will ensure that all changes to future rate payments to youth are implemented in a timely fashion. The Agency will monitor CDSS Provider Information Notices (PINs) for fiscal year updates on the California Necessities Index (CNI).

The Accounting Director will be responsible for preparing weekly allowance and monthly clothing allowance requests to ensure compliance with CDSS guidelines. STRTP Administrators will be responsible for ensuring all youth receive weekly allowances and monthly clothing allowances in compliance with the CDSS guidelines. STRTP Administrators will submit weekly allowance sheets with youth's signatures and monthly clothing receipts to the Accounting Director for verification.

On behalf of Eggleston Youth Centers, Inc., I would like to thank the Contracts Administration Division-Fiscal Compliance, specifically Luis Moreno, for the thorough review and feedback. Should you have any questions or need further clarification, please contact me at (626) 625-5020 or cbrown@egglestonyouthcenter.org.

Sincerely,

Clarence Brown

Clarence Brown, MBA
Executive Director