



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

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January 10, 2022

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

From: 
Ginger Pryor
Acting Director

**DELIANN-LUCILE CORPORATION
SHORT-TERM RESIDENTIAL THERAPEUTIC PROGRAM
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 the Deliann-Lucile Corporation (the Contractor) from March 2021 through August 2021. This Contractor provided Short-Term Residential Therapeutic Program (STRTP) and is headquartered in the Second Supervisorial District. This STRTP notified the County of its plans to close on September 14, 2021.

Key Outcomes

NUMBER OF PRIORITY FINDINGS
PRIORITY 1 1
PRIORITY 2 4
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 contracts:

“To Enrich Lives Through Effective and Caring Service”

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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

- Cash/Expenditures
 - The monthly clothing allowance for three STRTP participants were not adjusted to the new rates effective July 1, 2020 and July 1, 2021. It was also noted that the clothing allowance logs did not reflect the prior months' balances; therefore, the balance for the current months were incorrect.

Priority 2

- Board of Directors and Business Influence
 - The Board Meeting Minutes were not certified by the Board Secretary.
- Cash/Expenditures
 - Three electronic payments were missing supporting documentation.
 - Nine credit card transactions were missing supporting documentation.
 - The Contractor did not maintain a fixed assets listing.

On September 14, 2021, the DCFS CAD Financial Specialist IV held an exit conference with the Contractor's Chief Operating Officer. The Contractor provided the attached document stating that with the upcoming closure of the STRTP Program, no corrective action was being submitted.

In addition, on September 14, 2021, the Contractor notified DCFS in writing via an email that it was terminating the STRTP contract and closing the program. The STRTP contract was a joint contract between DCFS, Probation and Deliann-Lucile Corporation. The effective date of the termination was December 1, 2021.

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

GP:KDR
LTI:ai

Attachments

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



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Below are the findings and corrective action plan for each finding from the Deliann-Lucile Corporation Fiscal Compliance Assessment for March - August 2021.

The first finding was from FCAT Section 1 - Financial Overview question No. 9, the Cost Allocation Plan that was provided was not certified by management. Deliann-Lucile Corporation has a Cost Allocation Plan in place. The plan was not signed by management when sent originally. The plan has since been signed and sent to Alain Iniego by email on September 20th 2021.

The second finding was from FCAT Section 3 – Board of Directors and Business Influence question No. 14, the Board Meeting Minutes for August 27, 2020 and November 30, 2020 were not certified by the Board Secretary. Board minutes sent originally were not certified. Since the exit summary we have sent over the certified minutes to Alain Iniego by email on September 21, 2021. To avoid this issue in the future only certified minutes will be kept.

The third finding was from FCAT Section 4 - Cash/Expenditures question No. 24, during the fiscal compliance assessment, three electronic payments made on August 5, 2020 for \$14.99 (Prime Video); on August 3, 2020 for \$196.27 (Walmart.com); and October 22, 2020 for \$14.22 (Amazon Prime) were selected as samples. Supporting documentation such as invoices, itemized receipts, etc. were requested but none were provided. At this time, the current plan for Deliann-Lucile is scheduled to shut down on Dec 1, 2021 . Therefore there is no corrective action plan for this at this time.

The fourth finding was from FCAT Section 4 - Cash/Expenditures question No. 27, during the fiscal compliance assessment, nine transactions within the credit card statements (AMEX) for the periods of August, September and October 2020 were selected as samples. Supporting documentation such as invoices, itemized receipts, etc. were requested but none were provided for seven out of the nine transactions sampled. At this time, the current plan for Deliann-Lucile is scheduled to shut down on Dec 1, 2021 . Therefore there is no corrective action plan for this at this time.

The fifth finding was from FCAT Section 4 – Cash/Expenditures question No. 29, the Contractor was unable to provide a fixed assets listing. Since the request and exit summary Deliann-Lucile has created a fixed asset list and provided it to Alain Iniego by email on September 21, 2021.

The last finding was from FCAT Section 4 - Cash/Expenditures question No. 30, for the following participants selected as samples, the following issues were noted: Participant A.T: The Clothing Allowance Log provided included transactions from October 24, 2020 through March 20, 2021 instead of maintaining a separate log for each month. In addition, the prior months' balances were not reflected accurately on the logs and the monthly clothing allowance provided to the participant did not reflect the correct amount.



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Participant I.H.: The Clothing Allowance Logs for April, May and July 2021 did not reflect the prior months' balances. In addition, the clothing allowance amount provided to the participant did not reflect the correct amount. Participant R.A.: The Clothing Allowance Log for July 2021 did not reflect the outstanding balance from June 2021. In addition, the clothing allowance amount provided did not reflect the correct amount. At this time, the current plan for Deliann-Lucile is scheduled to shut down on Dec 1, 2021 . Therefore there is no corrective action plan for this at this time.