



County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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

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March 29, 2022

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

From: 
Ginger Pryor
Acting Director

BOURNE
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 Bourne (the Contractor) in March 2021 and May 2021. This Contractor provided Short-Term Residential Therapeutic Program (STRTP) and is headquartered in the Fifth Supervisorial District.

Key Outcomes

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

"To Enrich Lives Through Effective and Caring Service"

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: 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
 - Authorized check signer made checks payable to himself without a second signature of a higher level employee.
 - Two checks were made payable to cash.

Priority 2

- Financial Overview
 - As of June 14, 2021, the Contractor did not submit the audited financial statements for the period ending December 31, 2019, to the California Department of Social Services.
- Cash/Expenditures
 - Monthly bank reconciliations were not prepared.
 - The fixed asset inventory list did not include the date of purchase, acquisition cost, and funding source.

On June 15, 2021, the DCFS CAD Financial Specialist IV held an exit conference with the Contractor's Controller. The Contractor agreed with the review findings and recommendations, was receptive to implementing systemic changes to improve compliance with regulatory standards, and 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.

Each Supervisor
March 29, 2022
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If you have any questions, your staff may contact me or Aldo Marin, Board Relations Manager, at (213) 351-5530.

GP:KDR
LTI:ms

Attachments

c: Fesia Davenport, Chief Executive Officer
Arlene Barrera, Auditor-Controller
Dr. Adolfo Gonzalez, Chief Probation Officer
Public Information Office
Audit Committee
Timothy Tucker, Chief Executive Officer
Kellee Coleman, Regional Manager, Community Care Licensing Division
Monique Marshall-Turner, Regional Manager, Community Care Licensing Division



October 5, 2021

Bourne Family Services
2235 N. Lake Ave., Ste#211
Altadena, CA 91001

RE: CORRECTIVE ACTION PLANS

Dear Diana Flaggs,

The following Corrective Action Plans respond to our Fiscal Compliance Assessment: March 11, 2021-May 31, 2021. The agency has addressed the deficiencies noted in the following findings and implemented corrective actions and instituting an internal quality improvement protocol to ensure fiscal compliance and no future occurrences of these findings.

Bourne is a 501 (c) (3) non-profit organization that contracts with the Los Angeles County Department of Children and Family Services (DCFS) to provide Foster Care Services.

The contractor had findings in 2 of the five fiscal areas reviewed in the Fiscal Compliance Assessment Tool (FCAT). The identified potential areas of internal control weaknesses are:

- ▶ As of June 14, 2021, the Contractor did not submit the audited financial statements for period ending December 31, 2019, to California Department of Social Services (COSS).
- ▶ Authorized check signer made checks payable to himself without a second signature of a higher-level employee.
- ▶ Two checks were made payable to "CASH".
- ▶ Monthly bank reconciliations were not prepared.
- ▶ The fixed asset inventory list did not include the date of purchase, acquisition cost, and funding source.

FCAT Section I - Financial

Overview Finding

- ▶ As of June 14, 2021, Bourne did not submit the audited financial statements for period ending December 31, 2019, to California Department of Social Services (COSS).

Pursuant to Master Contract for Short-Term Residential Therapeutic Program Part I, Section 19.8 (Records and Investigations), "CONTRACTOR shall be responsible for annual or triennial financial audits, as applicable, of its agency and shall require Subcontractors to be responsible for its annual or triennial financial audits, as applicable, when required by any governmental entity (e.g. Federal government, COSS, COUNTY) to be conducted by an independent audit firm and in accordance with generally accepted governmental auditing standards." Additionally, pursuant to Section 19.1 1, "Failure on the part of CONTRACTOR to comply with the provisions of this Section shall constitute a material breach of this Contract upon which COUNTY may take all appropriate action including but not limited to, implementation of Hold Status."

A NON-PROFIT ORGANIZATION

2235 N. Lake Avenue, Suite 211, Altadena, CA 91001 | 626.797.9196 OFFICE | 626.345.9970 FAX | bournefamilyservices.org

CPA that Bourne had contracted with the previous year continued to delay the release of the financial statement citing issues with the previous financial personnel as well as delays due to COVID-19, which impeded completion.

Bourne mailed the Financial Audit Report Transmittal on August 19, 2021, via US Postal Service to the CDSS at the address stated on the Financial Audit Transmittal form. Bourne's finance department is working with the CEO, Timothy Tucker, to gain access to the CDSS upload so that a copy can be transmitted electronically as well.

Bourne's finance department mailed the Financial Audit Report again on Monday, October 4, 2021, via-certified mail with a return receipt via the US Postal Service.

Bourne has contracted with a new CPA firm to do a complete internal audit, addressing all deficiencies, and ensuring continuous improvement and compliance with County Internal Controls guidelines. Bourne will send copies promptly upon completion.

Bourne has completely restructured the finance department, as of June 2020, with new personnel, which has implemented an upgraded double entry accounting system and instituted new policies and procedures with specific attention to fiscal compliance.

FCAT Section IV -

Cash/Expenditures Findings

- ▶ Authorized check signer made checks payable to himself without a second signature of a higher-level employee.

Pursuant to Auditor Controller Contract Accounting and Administration Handbook, Section B.2.1 (General), "A second signature is recommended on all checks over \$500, unless otherwise specified in the contract. In instances where the payee is also a signor on the check, the disbursement shall be reviewed and approved by a higher-level employee, or Board member who shall also sign the check."

Corrective Action Plan:

On August 12, 2021, Bourne instituted a policy to have two signatures for all checks issued going forward. Check issued to the CEO will be signed by a Board member as a second signatory.

Board member, Jennifer Edie-Bryant, to be added to the bank accounts on October 8, 2021, as an additional authorized signatory.

- ▶ Checks were made payable to "CASH".

Pursuant to Auditor Controller Contract Accounting and Administration Handbook Section B.2.1 (General), "Checks shall not be payable to "cash" or signed in advance. Similarly, electronic debits to "cash" shall not be made. Checks written to employees for reimbursement of out-of-pocket costs must be supported by receipts and invoices."

Corrective Action Plan:

As of April 2, 2021, no further checks have been or will be issued to "Cash". Bourne changed our policy and eliminated petty cash. All checks for the client's monthly and/or clothing allowances are issued to the facility managers, who are responsible for the distribution of the allowances to the clients and are accompanied by requisite backup documentation.

- ▶ Monthly bank reconciliations were not prepared.

Pursuant to Auditor Controller Contract Accounting and Administration Handbook Section B. 1 .4, "Monthly bank reconciliations should be prepared within 30 days of the bank statement date and reviewed by management for appropriateness and accuracy. The bank reconciliations should be signed and dated by both the preparer and the reviewer. Reconciling items should be resolved timely."

Corrective Action Plan:

Bank reconciliations are current. Bourne's current policy requires preparation of monthly bank reconciliations by the 15th of the following month. Bank reconciliations are reviewed and signed by the Director of Operations.

- ▶ The fixed asset inventory list did not include the date of purchase, acquisition cost, and funding source.

Pursuant to Auditor Controller Contract Accounting and Administration Handbook Section 8.4.2, "All fixed assets including capital and non-capital asset equipment, purchased with Contract funds are to be used solely for the benefit of the Contract and should be appropriately tagged. Each CONTRACTOR shall maintain a current list of fixed asset inventory, including the item description, serial number, date of purchase, acquisition cost and source(s) of funding.

Corrective Action Plan:

Bourne has prepared the fixed asset list with the date of purchase, acquisition cost, and funding source for all assets in our possession as of June 2020 and/or acquired thereafter. A new finance team was brought on to address the above noted internal controls issues and maintain compliance with County guidelines.

If you have any questions, please contact me at (626)797-9196 (office) or (626)786-1056 (cell).

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Tucker', with a stylized flourish at the end.

Tim Tucker
Executive Director