



BRANDON T. NICHOLS
Director

County of Los Angeles DEPARTMENT OF CHILDREN AND FAMILY SERVICES

510 S. Vermont Avenue, Los Angeles, California 90020
(213) 351-5602



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

July 15, 2022

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

From: 
Brandon T. Nichols
Director

HANNA'S HOUSE DBA HANNAH'S CHILDREN'S HOMES 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 Hanna's House dba Hannah's Children's Homes (the Contractor) from February 2022 through April 2022. The Contractor provides Foster Family Agency (FFA) contracted program services. The Contractor is headquartered in the Fourth Supervisorial District.

Key Outcomes

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

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 FFA 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:

"To Enrich Lives Through Effective and Caring Service"

Priority 1

- Cash/Expenditures
 - Weekly allowance for 2 of 4 FFA participants were not adjusted to the new rate effective July 1, 2021.
- Payroll and Personnel
 - Two individuals were compensated as employees and as Independent contractors. The HR Director was also compensated for janitorial services and a part time Foster Care Social Worker was also compensated as a Clinical Supervisor.

Priority 2

- Financial Overview
 - Audited Financial Statements for 2019 and 2020 were not submitted to the California Department of Social Services timely.
- Board of Directors and Business Influence
 - Board meeting minutes were not signed by the Board Secretary.
- Cash/Expenditures
 - Fixed asset inventory did not include the acquisition cost and tag numbers.

Priority 3

- Financial Overview
 - Cost Allocation plan did not include the Fiscal Year or Basis of Accounting.

On April 15 2022, DCFS CAD Financial Specialist IV held an exit conference with the Contractor's Chief Executive Officer. The Contractor's representative agreed with the review findings and recommendations and was 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.

BTN:CMM:KDR
LTI:lm

Attachments

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



FCAP SECTION I – FINANCIAL OVERVIEW

A

FCAT - SECTION 1 As of March 1, 2022 the Agency had not submitted the AFS for period ending December 31, 2019 and December, 31 2022 to CDSS.

FCAP – SECTION 1 Hannah's submitted the audited financial to CA Department of Social Services on March 7, 2022 to Mr. Moua Cher.

Hannah's developed a master calendar on May 7, 2022 to ensure that all fiscal reports, statements and required information is submitted by the agency in a timely manner. The calendar will be overseen by both Bookkeeping and the Office Manager to ensure compliance.

B

FCAT – SECTION 1 Cost Allocation Plan did not include the basis of accounting and the fiscal year.

FCAP – SECTION 1 The Cost Allocation plan was amended on May 9, 2022 to include the accrual method as the basis of accounting that Hannahs uses. See attached. The cost allocation signature page was also amended to reflect signature and date. This form will be signed by the CEO on an annual basis.



Section III - The Board of Director and Business Influence

The board minutes for January 22, 2022, October 16, 2021, and July 14, 2021 were not signed by Board Secretary.

FCAP Section III

On May 2, 2022 the Board Secretary signed all board minutes and the Board President will ensure that all future board minutes are signed by the Board Secretary.



FCAP SECTION IV – CASH EXPENDITURES

A

Fixed asset inventory did not include the acquisition cost or tag number. Hannah's changed our inventory and fixed asset list to include the following:

- a.) Cost of the equipment – see attached log
- b.) A tag system was developed and numbers were assigned to equipment
example: Commerce - C100
Orange – O200
Rancho - R300

This process will be completed by May 31, 2022.

FCAP SECTION 1V – ALLOWANCE AND CLOTHING

B

Weekly allowance for 2 of 4 FFA participants were not given the right amount, according to the new rate effective July 1, 2021.

On April 27, 2022 staff meeting was held with SFCSW to discuss methods to ensure that the FCSW remain in compliance regarding allowance and clothing.

On May 4, 2022 HCH Administrator scheduled virtual training with Resource Parents (RPs) & Foster Care Social Workers (FCSWs) regarding minor weekly allowance, and to reinforce using the correct form that was implemented by Hannah's Children's Homes (HCH) on July 21, 2021.

Explain what the Quality Assurance (QA) Plan is to maintain compliance

Resource Parents and Foster Care Social Workers (FCSWs) completed weekly allowance training on May 2, 2022. In addition, FCSW's Supervisor will review on a monthly basis that minors received the right amount as showed in the monthly record form dated July 21, 2021.

Foster Care Social Workers, Foster Care Social Worker's Supervisors and Quality assurance staff will monitor & document compliance, via Case Management System (SMS) on a monthly basis.

Furthermore, FCSW's Supervisor's name and signature will be added to stated form to ensure compliance.



FCAP SECTION V - PAYROLL AND PERSONNEL

The Agency compensated two individuals as both an employee and as a contractor. The HR Director provides Janitorial Service and a part-time Foster Care Social Work as a Clinical Supervisor.

Employer #1

Provides janitorial services at a rate lower than any bids that the agency received.

This position is totally different service than her full time position as Hannah's Resource Director.

The agency is in compliance with Internal Revenue guidelines.

Hannah's has the ISFC program in San Bernardino County and the Clinical service has to be supervised by LCSW.

The Agency had to terminate the supervising LCSW and we were unable to hire a replacement. Hannah's requested that the part-time Foster Care Social Worker use her LCSW status to oversee a totally different county with totally different job performance responsibilities.

The agency is in compliance with Interna Revenue guidelines.



Hannah's will continue to develop an operational plan and the required time frames to prevent future findings. The agency will have monthly quality assurance for 120 days with CEO, Bookkeeping and the Office Manager.

Thereafter, the quality assurance monthly reviews will continue with Bookkeeper and the Office Manager.

Hannahs Bookkeeping department will continue to participate in county sponsored fiscal training to ensure continued compliance and knowledge of the AC handbook and regulations.

Hannah's has also developed a master calendar to include all dates for information and reports to be submitted in a timely manner.

The CEO, Connie Franks, will be fully responsible for ensuring that the FCAP is fully implemented.

Please see attached FCAP response.

Connie Franks
Signature

5/16/22
Date



Cost Allocation 2021 – 2022

PURPOSE

The purpose of this Cost Allocation plan is to summarize, in writing, the methods and procedures that this organization will use to allocate costs to various programs, grants, contracts and agreements.

OMB Circular A-122, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government. Hannah's Children's Homes Cost Allocation Plan is based on the Direct Allocation method described in OMB Circular A-122. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final costs objective.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by Hannah's Children's Homes.

The basis of accounting for the agency is the Accrual Method. Revenues and expenses are recorded when they are earned regardless of when funds are received.



Signature

9229 Utica Ave., Suite 140
Rancho Cucamonga, CA 91730
(909) 483-2552

1045 W. Katella Ave., Suite 330
Orange, CA 92867
(714) 516-1077

5900 S. Eastern Ave., Suite 148
Commerce, CA 90040
(323) 278-6501

Website: <http://hannahschildrenshomes.org>



Cost Allocation 2021 – 2022

PURPOSE

The purpose of this Cost Allocation plan is to summarize, in writing, the methods and procedures that this organization will use to allocate costs to various programs, grants, contracts and agreements.

OMB Circular A-122, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government. Hannah's Childrens Homes Cost Allocation Plan is based n the Direct Allocation method described in OMB Circular A-122. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final costs objective.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by Hannah's Childrens Homes.

The basis of accounting for the agency is the Accrual Method. Revenues and expenses are recorded when they are earned regardless of when funds are received.

Signature