



County of Los Angeles DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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November 7, 2023

To: Supervisor Janice Hahn, Chair
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Supervisor Kathryn Barger

From: 
Brandon T. Nichols
Director

NEW LIFE FOSTER FAMILY AGENCY FISCAL DESK REVIEW

REVIEW OF REPORT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Desk Review of New Life Foster Family Agency (the Contractor) in August 2023. The Contractor has one office located in the Fifth Supervisorial District. The office provides Foster Family Agency Foster Care Placement Services to the County of Los Angeles DCFS and Probation placed children, children placed by other counties, and Non-Minor Dependents.

Key Outcomes

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

CAD conducted a Fiscal Desk Review of the Contractor's financial records (Financial Overview) to determine their compliance with the Foster Family Agency (FFA) Services contract.

CAD identified a potential internal control weakness in the area of:

"To Enrich Lives Through Effective and Caring Service"

Priority 1

- Financial Overview
 - The Audited Financial Statements for the period ending December 31, 2021, showed an operational loss of \$217,295. In addition, the total current assets is \$111,813, the current liability is \$161,963 and the current ratio is 0.69.

The California Department of Social Services All County Letter (ACL) 23-65 provided the adjusted schedule of rates that reflect the California Necessities Index increase of 6.85 percent for California Fiscal Year 2023-2024 effective July 1, 2023. Realizing the financial pressures on FFAs, this ACL provided FFAs a one-time 8.8 percent increase to specified components of certain rate classifications.

On August 28, 2023, DCFS CAD Financial Specialist IV held an exit conference with the Contractor's representatives. The Contractor's representatives agreed with the review finding and recommendation, were receptive to implementing systemic changes to improve the Contractor's 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) 371-6052.

BTN:CMM
LTI:ai

Attachments

- c: Fesia Davenport, Chief Executive Officer
Oscar Valdez, Auditor-Controller
Guillermo Vera Rosa, Chief Probation Officer
Public Information Office
Audit Committee
Nauman Azariah, Chief Executive Officer, and Executive Director, New Life Foster Family Agency
Saba Francis, Chief Financial Officer, New Life Foster Family Agency
Kellee Coleman, Regional Manager, Community Care Licensing Division
Monique Turner-Marshall, Regional Manager Community Care Licensing Division
Celeste M. Fitchett, MSW, Bureau Chief Fiscal and Performance Audits



New Life Foster Family Agency

2028 E Route 66, Suite 101
Glendora, CA 91741
Phone: (626) 594-0856

Agency Corrective Action Plan Date: 09/05/2023

Finding- priority #1

According to the audited financial statements for the period ending December 31st, 2021, there was a loss in operation of \$217,295. In addition, the current assets are \$111,813 and a current liability is \$161,963 and the current ratio of 0.69.

FFA PROGRAM:

FFA Program deficit explanation: During the 2021 Fiscal year, our agency was affected by the COVID pandemic. Most Resource Parents were afraid to receive new placements, while other Resource homes requested to be on hold due to illness and fear of illness. We lost 7 beds during this year and due to the size of our agency, it heavily impacted our revenue. Recruitment came to a pause for almost 1.5 years due to the pandemic. Three families in process to be certified withdrew during the pandemic, totaling to 9 beds lost. In total, we lost 16 beds during the pandemic.

FCAP for FFA program: Reductions in staff to reduce the deficit have been previously implemented. The Executive Director assumed the responsibility of the Administrator. Recruitment has resumed and we have successfully recruited more Resource families. We plan to increase our donation outreach.

Time Frame for FFA program: This corrective action plan for FFA program is effective immediately. Staff reduction has taken place at the end of 2021 and beginning of 2022. The 2023 Fiscal year does not have a deficit and the agency will end the year with a surplus. Agency is looking to recruit two new families and add 3 additional beds by the end of 2023.

FFA Ability to move forward: The FFA program now has substantial funds to operate successfully throughout the year. Due to a significant reduction in payroll expenses, FFA is in a good financial position.

OTHER PROGRAM:

(Other) Program deficit explanation: The other program operates via a grant in which funds are received only when expenses are ready to be paid. There are two reasons for a deficit in this specific program. One is the depreciation expense. The second reason is the accrual system and the timing of our payroll expenses at the end of the year. The depreciation expense is a cost that is written off as depreciation, but it is not an actual expenditure which is paid. The depreciation expense is just a book entry in the system. Based on the accrual system, we record the incurred payroll from period December 16 to December 31st, 2021, in December 2021, however the payroll is paid in the next month on January 5th due to the payroll cycle. The cash expenditure for the payroll incurred in December is done in January. Since the journal entry is made based on the accrual system, this deficit is not a cash deficit because the cash expenditure occurs in 2022. For this program, the deficit is not a cash deficit. Funds are received in 2022 when the cash expenditure occurs.



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FCAP for (other) program: A corrective action plan is not in place as this program does not have a cash deficit.

Time Frame for (other) program: A corrective action plan is not in place as this program does not have a cash deficit.

(Other) Program's Ability to move forward: The (Other) program is grant operated. Expenses derived are fully covered by the grant.

DATA

New Life FFA is committed to collecting and utilizing data to enhance its operational processes. The data collected will be leveraged to drive process improvements. For all programs, including New Life FFA, financial data will be collected from monthly financial statements. This data will primarily encompass monthly revenues and expenses. The frequent collection of this data serves the crucial purpose of enabling continuous monitoring of expenses and revenues. Such proactive monitoring will help prevent deficits from occurring. In the event of a deficit, the agency will promptly take corrective measures to reduce and control it.

The individuals entrusted with this responsibility are the Finance Manager and the Executive Director of the agency. They will collaborate to ensure that the FCAP is rigorously implemented.

Nauman Azariah, Executive Director

9-7-23

Dated