



# County of Los Angeles DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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May 28, 2024

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

*Cynthia McRay Miller for*  
From: Brandon T. Nichols  
Director

## PERSONAL INVOLVEMENT CENTER FISCAL COMPLIANCE ASSESSMENT

### REVIEW OF REPORT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of Personal Involvement Center (the Contractor) in December 2023. This Contractor provides Child Abuse and Prevention Intervention and Treatment (CAPIT), Family Preservation (FP), and Foster Family Agency (FFA) services. The Contractor is headquartered in the Second Supervisorial District.

### Key Outcomes

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

CAD conducted a virtual Fiscal Compliance Assessment review of the Contractor's financial records, which consisted of the following: financial statements; bank

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statements; check register(s); and personnel files. The review focused on five key areas of internal controls to determine their compliance with CAPIT, FP and FFA contracts: Financial Overview (financial records and bank statements); Loans, Advances and Investments; Board of Directors and Business Influence; Cash/Expenditures; and Payroll and Personnel.

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

**Priority 1**

- Cash/Expenditures (1 finding)

Personal Involvement Center had an operating loss of \$760,947 noted in their Audited Financial Statements ending June 30, 2022.

On March 13, 2024, DCFS CAD Financial Specialist IV held an exit conference with the Contractor's Chief Executive Officer and Financial Consultant. The Contractor's representatives agreed with the review finding 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 weakness in a Fiscal Corrective Action Plan (FCAP). This Contractor will be on the Auditor-Controller's Work Plan for Fiscal Year 2024-2025.

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) 371-6052.

BTN:JF:CMM  
LTI:jj

Attachments

- c: Fesia Davenport, Chief Executive Officer  
Oscar Valdez, Auditor-Controller  
Guillermo Viera Rosa, Chief Probation Officer  
Public Information Office  
Audit Committee  
Maxine Diggs, Chief Executive Officer, Personal Involvement Center  
Monique Turner-Marshall, Regional Manager Community Care Licensing Division  
Kellee Coleman, Regional Manager, Community Care Licensing Division  
Celeste M. Fitchett, Bureau Chief, Performance and Fiscal Audits, CDSS

April 8, 2024

Joe Jimenez, Jr.  
Fiscal Compliance Administrator  
Department of Children and Family Services  
510 South Vermont 14<sup>th</sup> Floor, Los Angeles, CA 90020

**FY 2022 DCFS FCAT FISCAL REVIEW FINDING:**

The Agency had an operating loss of \$760,947.00 for FY 2021-2022.

**REFERENCE:**

Per the Auditor Controller Accounting Handbook Section 21.2 Default for Insolvency, COUNTY may terminate this Contract for default for insolvency in the event of the occurrence of any of the following: 21.2.1 CONTRACTOR ceases to pay its debts in the ordinary course of business, or cannot pay its debts as they become due, whether it has filed for bankruptcy or not, and whether insolvent within the meaning of the Federal Bankruptcy Law or not.

**CONDITION:**

Personal Involvement Center, Inc had an operating loss in FY2022, however, it is still meeting its obligations and has sufficient cash flow to meet its operating needs. As of the end of Fiscal Year 2022-2023, the agency's current assets exceeded current liabilities.

**CORRECTIVE ACTION PLAN:**

Personal Involvement Center, Inc. has established a procedure to monitor expenses in relation to program revenue. Program Managers are required to monitor disbursements by comparing expenses against the approved budget. On a monthly basis, a report on Budget vs Actual expenses is prepared, and each variance is analyzed together with the Finance Consultant, to prevent overspending that might result in operating loss. This procedure has been in effect since July 1, 2023.

**MANAGEMENT RESPONSE:**

As of FY 2022-2023, Personal Involvement Center, Inc. reported an excess of revenue over expenses.

**SIGNED:**



**MAXINE DIGGS**  
Chief Executive Officer