



# County of Los Angeles DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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July 22, 2024

To: Supervisor Lindsey P. Horvath, Chair  
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Supervisor Kathryn Barger.

From: Brandon T. Nichols *Brandon T. Nichols*  
Director

## MCKINLEY CHILDREN'S 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 McKinley Children Center (the Contractor) in March/April 2024. McKinley is a 501(c) 3 non-profit organization that contracts with the County of Los Angeles DCFS and the Probation Department to provide Foster Family Agency (FFA), FFA - Emergency Shelter Care (FFA-ESC), Intensive Services Foster Care for Children with Serious Emotional and Behavioral Needs (ISFC-SEBN), and Short-Term Residential Therapeutic Program (STRTP) services. The Contractor is headquartered in the Fifth Supervisorial District.

### Key Outcomes

NUMBER OF PRIORITY FINDINGS
PRIORITY 1 1
PRIORITY 2 1
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 statements; check register(s); and personnel files. The review focused on five key areas of internal controls to

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determine their compliance with FFA, FFA-ESC, ISFC-SEBN and STRTP 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 areas:

Priority 1

- Cash/Expenditures
  - Weekly base allowance was not appropriately provided to four placed children.
  - Monthly clothing allowance contribution was under the guideline's amount for one placed child.

Priority 2

- Cash/Expenditures
  - One bank reconciliation report was not prepared within 30 days of the bank statement date.
  - Outstanding items on bank reconciliations were not followed up timely.

On April 3, 2024, the DCFS CAD Financial Specialist IV held an exit conference with the Contractor's Senior Vice President, Chief Financial Officer and Senior Accountant. The Contractor's representatives agreed with the review findings 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 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) 371-6052.

BTN:JF:CMM  
LTI:zr

Attachments

- c: Fesia Davenport, Chief Executive Officer  
Oscar Valdez, Auditor-Controller  
Guillermo Viera Rosa, Chief Probation Officer  
Public Information Office  
Audit Committee  
Anil Vadaparty, President and Children Executive Officer, McKinley Children's Center  
Dustin Vader Haar, Sr. Vice President, Human Services, McKinley Children's Center  
Monique Turner-Marshall, Regional Manager, Community Care Licensing Division  
Kellee Coleman, Regional Manager, Community Care Licensing Division  
Celeste M. Fitchett, MSW, Bureau Chief, Performance and Fiscal Audits, CDSS

May 3rd, 2024

Contracts Administration Division  
Department of Children and Family Services  
510 South Vermont Ave., 14th Floor  
Los Angeles, CA 90020



Dear Mr. Rafayelov,

Thank you for your review of McKinley Children's Center, Inc. (dba McKinley) for the Fiscal Year 2023/2024. I appreciate the collaborative approach and understand that we need to adhere to substantial compliance when it comes to the two findings we have received.

McKinley understands the importance of keeping our FFA weekly and allowance rates current and accurate. We recognize that these rates play a crucial role in our operations and in ensuring fairness and transparency for our clients. Therefore, we are committed to taking corrective action to promptly update these rates as needed. McKinley Accounting and the McKinley FFA department, together, will diligently monitor these rates annually, with any regulatory changes and any other factors influencing these rates to ensure they reflect the most current and relevant information. These rates will be updated on the FFA Monthly Report provided from the social workers to the resource parents. McKinley's Accounting department will be calculating the discrepancies associated with allowances that were not updated for the 23-24 year. They will provide the discrepancy amounts to the social workers on the FFA Monthly Report and will have the resource parents and minors sign off on the discrepancies on the allowance sheet acknowledging that they have been reimbursed the amount for the discrepancy. Through this proactive approach, we aim to maintain trust and confidence in our services while providing our clients with the most up-to-date information available.

McKinley recognizes the critical importance of timely and accurate bank reconciliation. Therefore, we are dedicated to implementing corrective measures to guarantee that bank reconciliation is completed within 30 days of each month's end. We understand that this process is vital for financial transparency, decision-making, and regulatory compliance. Our team will streamline procedures and enhance communication channels. By adhering to this timeline, we aim to uphold financial integrity, provide stakeholders with timely insights, and maintain operational efficiency. We are also committed to taking corrective action by reissuing outstanding checks before the 6-month mark. We understand the inconvenience and potential financial implications for recipients of such checks, and we aim to rectify any outstanding issues promptly to ensure smooth transactions and maintain trust with our stakeholders.

Please let me know if you have any questions. We appreciate the opportunity to be of service and look forward to our continued partnership.

Respectfully,

George L. King,  
Senior Vice President and Chief Financial Officer

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