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**County of Los Angeles**  
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October 31, 2025

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

From:  for  
Brandon T. Nichols  
Director

**THE RIGHTWAY FOUNDATION**  
**FISCAL COMPLIANCE ASSESSMENT**

**REVIEW OF REPORT**

The Department of Children and Family Services (DCFS) Contract Compliance Division (CCD) conducted a Fiscal Compliance Assessment of The Rightway Foundation (Contractor) in May through July 2025. This Contractor contracts with the County of Los Angeles DCFS to provide Employment and Life Readiness Services. The Contractor is headquartered in the Second Supervisorial District.

**Key Outcomes**

NUMBER OF PRIORITY FINDINGS
PRIORITY 1 3
PRIORITY 2 4
PRIORITY 3 0

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

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

The CCD identified potential internal control weakness in the following areas:

***Priority 1***

- Cash/Expenditures: (1 Finding)
  - Checks were made payable to the Chief Executive Officer (CEO), an authorized check signor, without a second signature.
- Payroll and Personnel: (2 Findings)
  - Rate of pay and Fair Labor Standards Act status was not maintained in the employees personnel files.
  - Timecards for the CEO and Administrator were not maintained.

***Priority 2***

- Financial Overview: (1 Finding)
  - The Agency did not have a current Cost Allocation Plan.
- Cash/Expenditures: (3 Findings)
  - Bank Reconciliations are prepared by the Administrator who also makes deposits and writes checks.
  - Bank Reconciliations were not signed and dated by the preparer or reviewer and had items outstanding longer than six months.
  - A Fixed asset inventory list was not maintained.

On July 31, 2025, DCFS' CCD Financial Specialist IV held an exit conference with the Contractor's CEO and Administrator. 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 weakness 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:LM:RT  
KR:DF:lm

#### Attachments

- c: Fesia Davenport, Chief Executive Officer  
Oscar Valdez, Auditor-Controller  
Public Information Office  
Audit Committee  
Franco Vega, Chief Executive Officer, The Rightway Foundation



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## **FISCAL CORRECTIVE ACTION PLAN (FCAP)**

**Date:** August 22, 2025

**Submitted to:** DCES – Contract Compliance Division

**Contact:** [REDACTED]

### **FINDING 1**

**Issue Identified:** The Agency did not have a current Cost Allocation Plan.

### **FCAT Section I – Financial Overview, Question No. 9 – Priority #2**

#### **Corrective Action:**

A Cost Allocation Plan (CAP) will be developed and submitted by accordance with COUNTY contract requirements.

#### **Operational Plan:**

- A written policy will be implemented requiring annual review and submission of the Cost Allocation Plan.
- Engage the Administrator/Controller to develop the Cost Allocation Plan. The CAP will be reviewed by executive management.
- Ensure the plan identifies all shared costs and clearly outlines allocation methodologies.
- CAP development and approval will be incorporated into the Agency's fiscal year-end close checklist.

#### **Timeline:**

Completion by: October 31, 2025

#### **Responsible Party:**

CEO and Executive Director

#### **Documentation:**

- Finalized Cost Allocation Plan
- Annual CAP certification log

## **FINDING 2**

**Issue Identified:** Checks were made payable to the CEO, an authorized signer, without a second signature.

### **Question No. 18 – Priority #1**

#### **Corrective Action:**

Effective immediately, all checks made payable to the CEO (or any authorized check signer) will require a second signature from a non-payee signatory.

The second signatory must be either a Board of Directors member (e.g., Board Treasurer or Chair) or another authorized bank signatory not listed as the check recipient.

Revised check-signing policy now prohibits any single-signature disbursements to authorized signers.

#### **Operational Plan:**

- The agency's financial policies and procedures manual will be updated to reflect this change in protocol.
- The updated policy will clearly prohibit single-signature checks when the payee is an authorized signer.
- Update internal policy to require Board Treasurer or Chair or another bank signatory not listed as the check recipient.

#### **Timeline:**

Policy revision by: October 31, 2025

#### **Responsible Party:**

Administrator/Controller

#### **Documentation:**

- Updated financial policy
- Signature logs for all applicable disbursements

## **FINDING 3**

**Issue Identified:** Bank reconciliations were prepared by an individual with cash handling responsibilities.

### **Question No. 25 – Priority #2**

#### **Corrective Action:**

Bank reconciliations will now be completed by a staff member independent of cash handling or check writing duties.

#### **Operational Plan:**

- Assign bank reconciliation duties to Third Party Accountant with no cash-handling or disbursement authority.
- Monthly reconciliation reviewed and signed by Third Party Accountant and reviewed and signed by RWF's CEO/Executive Director.

**Timeline:**

Implementation: October 31, 2025

**Responsible Party:**

Administrator/Controller

**Documentation:**

Monthly reconciliations with preparer/reviewer signatures

**FINDING 4**

**Issue Identified:** Bank reconciliations were not signed and dated and contained unresolved items older than 6 months.

**Question No. 26 – Priority #2****Corrective Action:**

Implement a standardized reconciliation form requiring signatures and a log of outstanding items with resolution tracking.

**Operational Plan:**

- All bank reconciliations will include signed/dated forms for both preparer and reviewer.

**Timeline:**

Completion by: October 31, 2025

**Responsible Party:**

Third-Party Accountant (Preparer), CEO/Executive Director (Reviewer)

**Documentation:**

- Completed reconciliations with required signatures
- Outstanding item resolution logs

**FINDING 5**

**Issue Identified:** No fixed asset inventory list maintained.

**Question No. 29 – Priority #2****Corrective Action:**

Establish a Fixed Asset Inventory List

**Operational Plan:**

- Inventory log will include description, serial number, acquisition date, cost, and funding source.
- Annual physical inventory will be conducted.

**Timeline:**

Inventory list completion: October 31, 2025

**Responsible Party:**

Administrator

**Documentation:**

- Fixed Asset Inventory List

**FINDING 6**

**Issue:** Personnel files lacked pay rate and FLSA status documentation.

**Question No. 34 C & D – Priority #1****Corrective Action:**

Update all personnel files to include required employment documentation.

**Operational Plan:**

- HR department will review all personnel files for compliance. An employment file checklist will be implemented.
- Add missing documents including authorized pay rate and FLSA status to personnel files.

**Timeline:**

File updates completed: October 31, 2025

**Responsible Party:**

Human Resources Manager

**Documentation:**

- Updated personnel files (Pay rate and FLSA status forms)
- HR compliance checklist

**FINDING 7**

**Issue:** Timecards for CEO and Administrator not maintained.

**Question No. 34 E & F – Priority #1****Corrective Action:**

Implement time tracking for all exempt employees, including CEO and Administrator.

**Operational Plan:**

- All salaried employees will submit bi-weekly timecards.
- Timecards will track attendance and hours worked.

**Timeline:**

Effective August 1, 2025 and compliant by October 31, 2025

**Responsible Party:**

Human Resources Manager

**Documentation:**

Completed timecards with dual signatures

If you have any questions, please let me know.

Thank you.

Kind regards,



The RightWay Foundation