COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2706
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

WENDY L. WATANABE
CHIEF DEPUTY

August 23, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **THE VILLAGE FAMILY SERVICES CONTRACT REVIEW – A WRAPAROUND APPROACH SERVICES PROGRAM**

We have conducted a fiscal review of The Village Family Services (Village or Agency), a Wraparound Approach Services (Wraparound) Program provider.

Background

The Department of Children and Family Services (DCFS) contracts with Village, a private non-profit community-based organization, to provide and operate the Wraparound program. The Wraparound program is a family-centered and needs-driven program providing individualized services to children and their families such as therapy, housing, educational and social assistance. The target population for the Wraparound program includes children who are currently or at risk of being placed in a Rate Classification Level of 12 to 14 group home, Metropolitan State Hospital, etc. Village is located in the Third District.

DCFS paid Village on a fee-for-service basis $4,184 per child, per month. DCFS paid Village approximately $421,000 for Fiscal Year 2006-07. This is the first year that Village is providing Wraparound services.

Purpose/Methodology

The purpose of the review was to determine whether Village complied with its contract terms and appropriately accounted for and spent Wraparound funds in providing services to children and their families. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Overall, Village provided the services in accordance with the County contract. Village's program expenditures were generally allowable, properly documented and accurately billed to the Wraparound program as required. Village also maintained appropriate internal controls over its business operations. However, the employees' timecards did not indicate the hours worked each day by program as required by the County contract. Village's payroll expense charged to the Wraparound program was based on estimated hours not actual hours worked.

The details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with Village on June 20, 2007. In their attached response, Village management concurred with our findings and recommendations. We also notified DCFS of the results of our review.

We thank Village for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Patricia S. Ploehn, Director, Department of Children and Family Services
Susan Kerr, Chief Deputy, Department of Children and Family Services
Hugo Villa, Executive Director, The Village Family Services
Public Information Office
Audit Committee

WRAPAROUND APPROACH SERVICES
THE VILLAGE FAMILY SERVICES
FISCAL YEAR 2006-07

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in The Village Family Services' (Village or Agency) records and deposited timely in the Agency's bank account. In addition, determine whether the Agency maintained adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's bank reconciliation for December 2006.

Results

Village maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 20 non-personnel expenditure transactions billed by the Agency from July 2006 through January 2007, totaling $13,417.

Results

Generally, Village's program expenditures were allowable, properly documented and accurately billed to the Wraparound program as required. However, Village charged $325 for expenditures incurred by another program. Subsequent to our review, Village transferred the $325 to the appropriate program.

Recommendation

1. **Village management ensure that the Wraparound funds are solely used for the Wraparound program.**

INTERNAL CONTROLS

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations.

Verification

We interviewed Agency personnel, reviewed the Agency's policies and procedures manuals and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Village maintained sufficient internal controls over its business operations. However, the mileage reimbursement form did not contain the addresses of the locations that staff visited.

Recommendation

2. **Village management ensure that mileage reimbursement forms are complete.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Village's fixed assets and equipment purchased with Wraparound funds are used for the Wraparound program and that the assets are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment listing. In addition, we performed a physical inventory count and reviewed the usage of all 53 items purchased with Wraparound funds, totaling approximately $8,300.

Results

Village used the items purchased with Wraparound funding for the Wraparound program. In addition, the assets were appropriately safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the Wraparound program. In addition, determine whether personnel files are maintained as required.

Verification

We reviewed payroll expenditures for eight employees, totaling $6,722, for November 2006. We also reviewed the personnel files of the eight staff assigned to the Wraparound program.

Results

The employees' timecards did not indicate the hours worked each day by program as required by the County contract. The Agency allocated the payroll expenses for all five staff who worked on multiple programs based on the estimated hours worked.

Recommendation

3. **Village management ensure that employees' timecards indicate the total hours worked each day by program.**

COST ALLOCATION PLAN

Objective

Determine whether Village's Cost Allocation Plan was prepared in compliance with the County contract and appropriately applied to program costs.

Verification

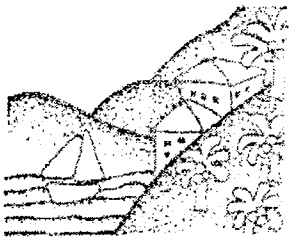
We reviewed the Agency's Cost Allocation Plan and selected a sample of expenditures incurred in December 2006 to ensure that the expenditures were appropriately allocated to the Agency's programs.

Results

Village's Cost Allocation Plan complied with the County contract requirements and costs were appropriately allocated. However, as previously indicated, the Agency incorrectly allocated payroll expenditures based on estimated hours worked instead of actual hours worked as required.

Recommendation

Refer to recommendation 3.



The Village
Family Services

July 17, 2007

Mr. J. Tyler McCauley
Auditor-Controller
County of Los Angeles
Department of Auditor-controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

RE: Wraparound Contract fiscal review Draft Report

Dear Mr. McCauley:

The Village Family Services (agency) has reviewed and concurred with the recommendations on the above reference report.

The following corrective action plan has been implemented:

Recommendation #1; The Village Family Services continues to have the controller, Ivonne Wolovich, review all the invoices to secure appropriate allocation to the correct program. An allocation report is reviewed by COO, Irma Seilicovich, before any payment is issued.
An inventory of all furniture & fixtures will be done semiannually by the accounting department. This Inventory indicates which program is utilizing each item, if a change has happened since previous inventory appropriate reallocation is made in accounting system.

Recommendation #2; The Village Family Services management implemented a policy for all the employees mileage reimbursement forms contain the addresses of the locations that staff visits.

Recommendation #3; The Village Family Services has implemented a new employee time card reflecting the total hours worked each day. by program.

6736 Laurel Canyon, Blvd., Suite #200, North Hollywood, California 91606
Phone 818-755-8786 • Fax 818-755-8789
e-mail: villagefs@thevillagefs.org

The Village Family Services, its Directors and management team appreciate the hard work of the audit team during this fiscal review. If you should have any questions, please do not hesitate to contact me at 818-755-8786 ext 105

Respectfully,

Hugo C. Villa, LMFT
Executive Director