



**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

November 9, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich
Marie Bus
FROM: J. Tyler McCauley *FOR*
Auditor-Controller

SUBJECT: **CAREER PLANNING CENTER, INC. CONTRACT – A COMMUNITY
AND SENIOR SERVICES WORKFORCE INVESTMENT ACT
PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of Career Planning Center, Inc. (CPC or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with CPC, a private non-profit organization to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. CPC is located in the Second, Third and Fourth Districts.

CPC is compensated on a cost reimbursement basis. CPC's contract was for \$473,666 for Fiscal Year 2006-07.

Purpose/Methodology

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

"To Enrich Lives Through Effective and Caring Service"

Results of Review

Overall, CPC provided the program services required by the County contract and the Agency maintained sufficient internal controls over its business operations. However, CPC billed CSS \$2,909 for salary paid to an individual not included in the Agency's WIA budget submitted to CSS. CPC provided the documentation that showed the employee provided WIA related services. CSS recommended that the Agency submit a revised budget that includes the employee's salary.

The Agency also did not always report the program activities for four (20%) of the 20 participants sampled on the Job Training Automation system as required. In addition, the Agency billed CSS \$199 in the prior fiscal year for an expenditure that was incurred during the current fiscal year.

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

Review of Report

We discussed our report with CPC and CSS on September 18, 2007. CPC generally concurred with our findings and recommendations. In their attached response, CPC indicated that \$199 billed to CSS in the Fiscal Year 2005-06 final close-out invoice was appropriately billed to CSS since the expense was incurred in June 2007. However, the supporting documentation indicated that the \$199 expense was incurred in July 2007.

We will follow-up our recommendations during next year's monitoring review. We thank CPC 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
Cynthia Banks, Director, Department of Community and Senior Services
Claudia Finkel, Chief Operating Officer, Career Planning Center, Inc.
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
CAREER PLANNING CENTER, INC.
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether Career Planning Center, Inc. (CPC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 20 (10 from the Adult Program and 10 from the Dislocated Worker Program) of the 95 program participants that received services from July 2006 through April 2007 for documentation to confirm their eligibility for WIA services.

Results

All 20 program participants met the eligibility requirements for the WIA program.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether CPC provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (21%) participants that received services during July 2006 through April 2007. We also interviewed ten program participants to confirm the services CPC billed to Community and Senior Services (CSS) were provided.

Results

The ten program participants interviewed stated that the services they received met their expectations. However, CPC did not report the program activities, such as the

completion of the Individual Employment Plan (IEP) or supportive services provided, on the Job Training Automation (JTA) system for four (20%) of the 20 participants sampled as required. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. This issue was also noted in the prior year's monitoring report.

Recommendation

1. **CPC management ensure that staff update the JTA system to reflect the participants' program activities.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed CPC's bank reconciliation for February 2007.

Results

CPC properly recorded and deposited revenue in a timely manner. However, CPC did not always obtain two signatures on all checks as required by the County contract. In addition, the Agency's accounting policy only requires a second signature on checks over \$1,000.

Subsequent to our review, CPC revised it's policy to obtain two signatures on all checks.

Recommendation

2. **CPC management distribute the revised accounting policy to staff and ensure that a second signature is obtained on all checks.**

EXPENDITURES/PROCUREMENT

Objective

Determine whether the 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 to support 89 (42%) of the 210 non-payroll expenditure transactions billed by the Agency for September 2006 and January 2007, totaling \$28,262.

Results

CPC inappropriately billed for repayments made to CSS for a prior year's overpayment, totaling \$100. CPC also inappropriately classified the salary paid to one of their employees as a consultant expenditure in September 2006. According to CPC management, CSS personnel instructed the Agency to bill the salary paid to the employee as consultant expenditure since the employee was a consultant prior to being hired by the Agency in July 2006. However, we were informed by CSS management that the employee's payroll expenditures should have been billed as payroll expenditures. CSS also recommended that the Agency submit a budget modification to reclassify the expenditures.

Recommendations**CPC management:**

3. **Repay CSS \$100.**
4. **Review consultant expenditures billed to CSS for FY 2006-07 and where applicable, reclassify consultant expenditures as payroll expenditures. Obtain a retroactive budget modification as instructed by CSS management.**

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, to determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

CPC maintained adequate internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether CPC's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's equipment inventory listing. In addition, we performed an inventory and reviewed the usage of all 14 (100%) items purchased with WIA funds, totaling \$17,860.

Results

CPC used the equipment purchased with WIA funding for the WIA program and the equipment purchased were safeguarded.

Recommendation

There are no recommendations for the section.

PAYROLL AND PERSONNEL**Objective**

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

Verification

We traced and agreed the payroll expenses for 14 employees, totaling approximately \$14,713, to the payroll records and time reports for January 2007. We also interviewed one staff assigned to the WIA program and reviewed personnel files for five staff assigned to the WIA program.

Results

CPC's personnel files were maintained as required. However, CPC inappropriately billed CSS \$2,909 for salary paid to one individual that was not assigned to the WIA program or listed in the Agency's WIA budget. According to CPC management, the employee performed work on the WIA program and they provided the employee's

timecards that supported their statement. We discussed the issue of the employee's salary not included in the Agency's WIA budget with CSS management and they recommended that the Agency submit a budget modification to allow for the employee's payroll expenses.

CPC also billed CSS \$930 in unsupported payroll expenses. Subsequent to our review, CPC provided the timecards to support the payroll expenses.

Recommendations

CPC management:

- 5. Obtain a budget modification as recommended by CSS.**
- 6. Ensure that adequate documentation is maintained to support payroll expenditures.**

COST ALLOCATION PLAN

Objective

Determine whether CPC's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program costs.

Verification

We reviewed CPC's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency September 2006 and January 2007 to ensure that the expenditures were properly allocated to the Agency's appropriate programs.

Results

CPC's Cost Allocation Plan was prepared in compliance with the County contract and expenditures were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoices reconciled to the Agency's financial accounting records.

Verification

We traced and agreed the Agency's FY 2005-06 final close-out invoices submitted to CSS to the Agency's total WIA program expenditures on their general ledger. The close-out invoices summarize the total program expenditures for the fiscal year. We also reviewed a sample of expenditures incurred in June 2006.

Results

CPC's financial accounting records reconciled to the Agency's FY 2005-06 final close-out invoices. However, CPC did not repay the funds from two voided transactions already reimbursed by CSS, totaling \$379.

Recommendations**CPC management:**

7. **Repay CSS \$379.**
8. **Ensure that funds from voided transactions are returned to the funding sources.**

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from Fiscal Year 2005-06 monitoring review were implemented. The report was issued on January 17, 2007.

Results

The prior year's monitoring report contained nine recommendations. CPC implemented eight recommendations. As previously indicated, CPC did not update the JTA system to reflect the participants' program activities which was also noted during our prior year's monitoring review. CPC management stated that the Agency plans to implement the outstanding recommendation in FY 2007-08.

Recommendation

9. **CPC management implement the outstanding recommendation from FY 2005-06 monitoring report.**



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October 5, 2007

County of Los Angeles
J. Tyler McCauley, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Unit #51
Alhambra, CA 91803
Attention: Yoon Bae

Subject: Career Planning Center, Inc. Contract -- A Workforce Investment Act Program Provider

Thank you for your most recent correspondence dated September XX, 2007. Following are the JVS responses to your audit recommendations.

1. Recommendation

CPC management ensure that staff updates the JTA system to reflect the participants' program activities.

JVS Response

CPC concurs that at the time of the audit, the files had not been updated to reflect the actual activity. Subsequently, two files were updated to reflect the supportive services activity and their respective IEP documentation. Due to failure of the system to accept the two other updates; CPC was not able to take corrective action. In order to verify errors in the system, the CPC MIS department will keep a log of error messages or notations of difficulty in entering accurate information and will keep that log in the client's files. Last year, CPC instituted a 100% file review which reduced the human error rate.

2. Recommendation

CPC management distribute the revised Accounting Policy to staff and ensure that a second signature is obtained on all checks.

JVS Response

The agency has updated its policy to comply with the AC Handbook requiring two signatures on all checks. The Auditor Controller was given a copy of the policy at the exit interview. Company practice is to have two signatures and now the policy reflects the practice. It is important to note that although the policy stated one signature required for checks under \$1,000, the policy also required at least two approvals on all check requests. A check cannot be signed without two approvals. The agency feels internal controls are strong, but has changed the policy to require 2 signatures on all checks for county expenditures to comply with the contract.

Jewish Vocational Service
6505 Wilshire Blvd., Suite 200 Los Angeles, CA 90048
323.761.8288 F 323.761.8375 TTY 323.761.5101
27422 Vanowen Street, West Hills, CA 91307
818.464.2222 F 818.464.5375
www.jvs.org

JVS WorkSource Centers
175 Wilshire Blvd. Room 200, Los Angeles, CA 90034
323.904.4900 F 323.904.4905 TTY 323.904.1905
13160 Maricopa Way, Suite 240, Marina Del Rey, CA 90251
310.308.6000 F 310.308.6001 TTY 310.308.6012



3. Recommendation

Repay DCSS \$100.

JVS Response

The \$100 was a clerical error in which JVS voided a transaction in a closeout period, then reposted and billed for a pay back in current year. JVS will repay the \$100.00.

4. Recommendation

Review Consultant Expenses billed to DCSS for FY 06-07 and where applicable, reclassify consultant expenses as payroll expenses. Obtain a retroactive budget modification as instructed by DCSS management.

JVS Response

JVS, due to the merge of agencies, will reclassify the expense in a budget modification as instructed by DCSS management. JVS does not have this expense on current budgets.

5. Recommendation

Repay DCSS \$2,909 or obtain a budget modification as instructed by DCSS.

JVS Response

JVS is preparing a budget modification as instructed by DCSS management.

6. Recommendation

Ensure that adequate documentation is maintained to support the expenditures.

JVS Response

Payroll timekeeping reports were supplied to the auditors as requested. A copy was also provided to the Auditor-Controller at the exit conference. JVS does not feel this recommendation is appropriate.

7. Recommendation

Repay DCSS \$379 for voided transactions.

JVS Response

Management provided source documents at the exit interview for two transactions totaling \$379.00. The \$199.07 transaction was a charge in June, 2006 to Ross Dress for Less. Ross did not accept company checks, so an employee purchased the cards with his own funds and distributed the cards in June, 2006. In July, the transaction was voided to Ross, but the employee was reimbursed. No effect or

billing took place in July. Since the expense was incurred in June, management respectfully requested this amount not be paid back to the county. The \$180 is a clerical error from June, 2006 closeout billings and will be repaid to the county.

8. Recommendation

Ensure that funds from voided transactions are returned to the funding sources.

JVS Response

Management has implemented this.

9. Recommendation

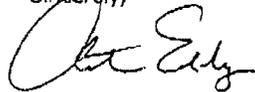
CPC management implement the outstanding recommendation from 05-06 report.

JVS Response

The outstanding recommendation was to enter constituents in the JTA system and this has been implemented.

Should you have further questions, please don't hesitate to contact me.

Sincerely,



Christina Eddy, C.P.A.
Jewish Vocational Service
Chief Financial Officer

Cc: Angie Cooper
Claudia Finkel
Vivian Seigel