



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

September 22, 2010

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **CENTER FOR INTEGRATED FAMILY AND HEALTH SERVICES
CONTRACT REVIEW – A DEPARTMENT OF MENTAL HEALTH
SERVICE PROVIDER**

We completed a program and fiscal contract compliance review of Center for Integrated Family and Health Services (CIFHS or Agency), a Department of Mental Health (DMH) service provider. The purpose of our review was to determine whether CIFHS complied with its contract terms and appropriately accounted for and spent DMH program funds providing the services outlined in their County contract. Services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan.

DMH paid CIFHS on a cost-reimbursement basis for services or approximately \$1.1 million for Fiscal Year (FY) 2008-09. The Agency's headquarters is located in the Fifth District.

Results of Review

CIFHS maintained documentation to support the mental health services billed and staff assigned to the County contract possessed the required qualifications. However, CIFHS charged DMH \$5,516 in questioned costs and did not always comply with the County contract requirements. Specifically, CIFHS:

- Allocated \$5,516 more for auditing and insurance costs than was approved in their Cost Allocation Plan.

CIFHS' attached response indicates that they revised their FY 2008-09 Cost Report to reduce the program expenditures by the \$5,516.

- Did not complete some elements of the participants' Assessments, Client Care Plans and Progress Notes in accordance with the County contract requirements.

CIFHS' attached response indicates that they will implement our recommendation by increasing staff support through the Quality Assurance and staff trainings.

We have attached the details of our review along with recommendations for corrective action.

Review of Report

We discussed the results of our review with CIFHS management and DMH. In the attached response, the Agency concurred with our recommendations and provided a copy of their revised FY 2008-09 Cost Report. DMH will follow-up to ensure that the recommendations were implemented.

We thank CIFHS management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Marvin Erisman, Ph.D., President, Board of Directors, CIFHS
William L. Nigh, Executive Director, CIFHS
Public Information Office
Audit Committee

**DEPARTMENT OF MENTAL HEALTH
CENTER FOR INTEGRATED FAMILY AND HEALTH SERVICES
FISCAL YEAR 2009-10**

BACKGROUND/PURPOSE

The Department of Mental Health (DMH) contracts with Center for Integrated Family and Health Services (CIFHS or Agency), a private, non-profit, community-based organization that provides services to clients in Service Planning Area 3. Services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan.

The purpose of our review was to determine whether CIFHS complied with its contract terms and appropriately accounted for and spent DMH program funds providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed Agency staff.

BILLED SERVICES

Objective

Determine whether Center for CIFHS provided the services billed in accordance with their County contract with DMH.

Verification

We selected 23 billings totaling 2,062 minutes from 63,311 service minutes of approved Medi-Cal billings for May and June 2009, which were the most current billings available at the time of our review (November 2009). We reviewed the Assessments, Client Care Plans and Progress Notes maintained in the clients' charts for the selected billings. The 2,062 minutes represent services provided to 23 program participants.

Results

CIFHS maintained documentation to support the service minutes sampled. However, the Agency did not always complete some elements of the Assessments, Client Care Plans and Progress Notes in accordance with the County contract requirements.

Assessments

CIFHS did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the given diagnosis for eight (35%) of the 23 clients sampled on their Assessments. An Assessment is a diagnostic tool used to document the clinical evaluation of each client

and establish the client's mental health treatment needs. The County contract requires Agencies to follow the DSM when diagnosing clients.

Client Care Plans

CIFHS did not complete some elements of the Client Care Plans in accordance with the County contract for four (17%) of the 23 clients sampled. Specifically, the Client Care Plans contained goals that were not specific.

Progress Notes

The Agency did not complete three (10%) of the 30 Progress Notes in accordance with the County contract. Specifically, the Progress Notes for mental health services did not describe what the clients or service staff attempted and/or accomplished towards the clients' goals.

Recommendation

- 1. CIFHS management ensure that Assessments, Client Care Plans and Progress Notes are completed in accordance with the County contract.**

STAFFING LEVELS

Objective

Determine whether the Agency maintained the appropriate staffing ratios for applicable services.

We did not perform test work in this section, as the Agency did not provide services that require staffing ratios for this particular program.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether CIFHS' treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for ten of the 13 CIFHS' treatment staff who provided services to DMH clients during May and June 2009.

Results

Each employee in our sample possessed the qualifications required to provide the services billed.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether the Agency maintained adequate controls over cash and other liquid assets.

Verification

We interviewed CIFHS management and reviewed the Agency's financial records. We also reviewed the Agency's September 2009 bank reconciliations for two bank accounts.

Results

CIFHS maintained adequate controls to ensure that revenue, cash and liquid assets were properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether CIFHS' Cost Allocation Plan is prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan and selected a sample of expenditures from Fiscal Year (FY) 2008-09 to ensure that expenditures were appropriately allocated to the Agency's programs.

Results

CIFHS' Cost Allocation Plan was prepared in compliance with the County contract. However, CIFHS allocated \$5,516 more to DMH for auditing and insurance costs than was approved in their Cost Allocation Plan.

Recommendations

CIFHS management:

- 2. Revise their FY 2008-09 Cost Report to reduce the reported program expenditures by \$5,516 and repay DMH for any excess amounts received.**
- 3. Ensure that shared costs are allocated in accordance with the Cost Allocation Plan.**

EXPENDITURES

Objective

Determine whether program expenditures were allowable under the County contract, properly documented and accurately charged to the DMH program.

Verification

We interviewed Agency personnel, and reviewed financial records and documentation to support 18 non-payroll expenditure transactions totaling \$38,906 charged to the DMH program during FY 2008-09.

Results

Generally, CIFHS' expenditures were allowable, properly documented and accurately charged to the DMH program.

Recommendation

None.

FIXED ASSETS

Objective

Determine whether fixed assets depreciation costs charged to DMH program were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed staff and reviewed the Agency's financial records related to fixed assets. In addition, we reviewed the fixed assets with depreciation costs of \$7,284 that the Agency charged to the DMH program in FY 2008-09.

Results

The fixed asset expenditures charged to DMH were allowable, properly documented and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the DMH program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures totaling \$14,297 for 12 employees to the payroll records and time reports for the pay period ending September 30, 2009. We also interviewed 11 employees and reviewed personnel files for 12 employees.

Results

CIFHS' payroll expenditures were appropriately charged to the DMH program. In addition, the Agency maintained their personnel files as required.

Recommendation

None.

COST REPORT

Objective

Determine whether CIFHS' FY 2007-08 Cost Report reconciled to the Agency's accounting records.

Verification

We traced the Agency's FY 2007-08 Cost Report, which was the most current Cost Report available at the time of review (November 2009) to the Agency's accounting records.

Results

The Agency's Cost Report reconciled to the Agency's accounting records.

Recommendation

None.



Center for Integrated Family and Health Services (CIFHS)
540 S. Eremland Drive, Covina, CA 91723
Tel. (626) 966-1577 Fax (626) 331-4529

August 24, 2010

Wendy Watanabe
County of Los Angeles
Department of Auditor-Controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012-3873

Dear Ms. Watanabe,

Attached please find the Corrective Action Plan from the Center for Integrated Family and Health Services for the program and fiscal contract compliance review with the Department of Mental Health contract that took place on November 3, 2009.

If you have any questions regarding this CAP report, please contact me at (626) 372-2125.

Sincerely,



William L Nigh
Executive Director

CENTER FOR INTEGRATED FAMILY AND HEALTH SERVICES

CORRECTIVE ACTION PLAN

BILLED SERVICES

Recommendation:

1. **CIFHS management ensure that Assessments, Client Care Plans and Progress Notes are completed in accordance with the county contract.**

Response: We feel that we have established a number of safeguards to assure compliance in this area for the present and ongoing into the future.

We have increased the amount of time focused on Quality Assurance to provide staff support in this process.

Additionally, we have worked closely with our clinical supervisors with respect to ongoing monitoring of these important compliance elements.

We have provided individual and staff trainings to strengthen:

1. our use of DSM-IV-TR diagnosis in our assessments;
2. our client objectives in the Client Care Plans (i.e., to make them more specific);
3. and our progress note documentation.

COST ALLOCATION PLAN

Recommendations:

CIFHS management:

2. **Revise their FY 2008-09 Cost Report to reduce the reported program expenditures by \$5,516 and repay DMH for any excess amounts received.**
3. **Ensure that share costs are allocated in accordance with the Cost Allocation Plan.**

Response: CIFHS had removed the allocated extra cost of auditing and insurance fees of \$5,516 from DMH program and revised the FY 2008-09 Cost Report accordingly which also included the final audit amount of expenditures from our internal audit for the year. Attached are backup documentation and the revised Cost Report of FY 2008-09 for your review.

1. Copy of GL account #650 audit consultants and account #850 Agency Insurance for reversing the amount of \$5,516 from DMH program, JE #53.
2. Copy of revised Cost Report FY 2008-09.

10:43 AM
08/25/10
Accrual Basis

Center for Integrated Family & Health Services
General Journal Transaction
June 30, 2009

Num	Name	Memo	Account	Class	Debit	Credit
JE#53			850 · Agency Insuran...	15 GA Ac...	4,574.57	
			650 · Auditing Consu...	15 GA Ac...	941.43	
			850 · Agency Insuran...	14 - Co.&...		4,574.57
		To re-allocate ...	650 · Auditing Consu...	14 - Co.&...		941.43
					<u>5,516.00</u>	<u>5,516.00</u>
TOTAL					<u>5,516.00</u>	<u>5,516.00</u>

11:02 AM
08/25/10
Accrual Basis

Center for Integrated Family & Health Services
General Ledger
As of June 30, 2009

Type	Date	Num	Name	Memo	Split	Amount	Balance
830 - Advertising							0.00
General Journal	6/30/2009	JE#50					
General Journal	6/30/2009	JE#50			230 - Worker'...	-13.50	-13.50
					230 - Worker'...	13.50	0.00
Total 830 - Advertising						0.00	0.00
831 - Licenses, Taxes & Filing fees							0.00
General Journal	6/30/2009	JE#50					
General Journal	6/30/2009	JE#50			230 - Worker'...	-21.69	-21.69
					230 - Worker'...	21.69	0.00
Total 831 - Licenses, Taxes & Filing fees						0.00	0.00
833 - Stipends							0.00
Total 833 - Stipends							0.00
834 - Printing & Copying Expense							0.00
General Journal	6/30/2009	JE#7			330 - Mileage/...	5.93	5.93
General Journal	6/30/2009	JE#7			330 - Mileage/...	0.69	6.52
General Journal	6/30/2009	JE#7			330 - Mileage/...	7.11	13.63
General Journal	6/30/2009	JE#7			330 - Mileage/...	29.65	43.28
General Journal	6/30/2009	JE#7			330 - Mileage/...	1.19	44.47
General Journal	6/30/2009	JE#7			330 - Mileage/...	14.82	59.29
General Journal	6/30/2009	JE#50			330 - Mileage/...	-59.29	0.00
General Journal	6/30/2009	JE#50			230 - Worker'...	-167.90	-167.90
					230 - Worker'...	167.90	0.00
Total 834 - Printing & Copying Expense						0.00	0.00
835 - Postage							0.00
General Journal	6/30/2009	JE#7			330 - Mileage/...	14.02	14.02
General Journal	6/30/2009	JE#7			330 - Mileage/...	1.40	15.42
General Journal	6/30/2009	JE#7			330 - Mileage/...	16.82	32.24
General Journal	6/30/2009	JE#7			330 - Mileage/...	70.08	102.32
General Journal	6/30/2009	JE#7			330 - Mileage/...	2.80	105.12
General Journal	6/30/2009	JE#7			330 - Mileage/...	35.04	140.16
General Journal	6/30/2009	JE#7			330 - Mileage/...	-140.16	0.00
General Journal	6/30/2009	JE#50			230 - Worker'...	-31.55	-31.55
General Journal	6/30/2009	JE#50			230 - Worker'...	31.55	0.00
Total 835 - Postage						0.00	0.00
836 - Fundraising Expense							0.00
Total 836 - Fundraising Expense							0.00
840 - Meetings & Conference Expense							0.00
General Journal	6/30/2009	JE#50					
General Journal	6/30/2009	JE#50			230 - Worker'...	-78.28	-78.28
					230 - Worker'...	78.28	0.00
Total 840 - Meetings & Conference Expense						0.00	0.00
841 - Training Expense							0.00
Total 841 - Training Expense							0.00
850 - Agency Insurance							15,525.05
General Journal	6/30/2009	JE#13			230 - Worker'...	525.56	16,050.61
General Journal	6/30/2009	JE#13			230 - Worker'...	52.56	16,103.17
General Journal	6/30/2009	JE#13			230 - Worker'...	630.67	16,733.84
General Journal	6/30/2009	JE#13			230 - Worker'...	2,627.80	19,361.64
General Journal	6/30/2009	JE#13			230 - Worker'...	105.11	19,466.75
General Journal	6/30/2009	JE#13			230 - Worker'...	1,313.90	20,780.65
General Journal	6/30/2009	JE#13			230 - Worker'...	1,249.62	22,030.27
General Journal	6/30/2009	JE#53			-SPLIT-	4,574.57	26,604.84
General Journal	6/30/2009	JE#53			850 - Agency I...	-4,574.57	22,030.27
Total 850 - Agency Insurance						6,505.22	22,030.27
855 - Employee Appreciation Expense							-0.01
General Journal	6/30/2009	JE#50					
General Journal	6/30/2009	JE#50			230 - Worker'...	-19.75	-19.76
					230 - Worker'...	19.75	-0.01
Total 855 - Employee Appreciation Expense						0.00	-0.01
860 - Participant Expense							-240.00
Total 860 - Participant Expense							-240.00

11:02 AM
08/25/10

Center for Integrated Family & Health Services
General Ledger

Accrual Basis

As of June 30, 2009

Type	Date	Num	Name	Memo	Split	Amount	Balance
General Journal	6/30/2009	JE#11			510 · Office S...	10.09	76.65
General Journal	6/30/2009	JE#11			510 · Office S...	30.25	106.90
General Journal	6/30/2009	JE#11			510 · Office S...	10.09	116.99
General Journal	6/30/2009	JE#11			510 · Office S...	20.17	137.16
General Journal	6/30/2009	JE#11			510 · Office S...	4.03	141.19
General Journal	6/30/2009	JE#11			510 · Office S...	60.50	201.69
General Journal	6/30/2009	JE#11			510 · Office S...	-201.68	0.01
General Journal	6/30/2009	JE#50			230 · Worker'...	-118.12	-118.11
General Journal	6/30/2009	JE#50			230 · Worker'...	118.12	0.01
Total 510 · Office Supplies						0.01	0.01
530 · Janitorial Supplies							0.00
General Journal	6/30/2009	JE#50			230 · Worker'...	-41.99	-41.99
General Journal	6/30/2009	JE#50			230 · Worker'...	41.99	0.00
Total 530 · Janitorial Supplies						0.00	0.00
540 · Program Supplies							0.00
Total 540 · Program Supplies							0.00
500 · Supplies - Other							0.00
Total 500 · Supplies - Other							0.00
Total 500 · Supplies						0.01	0.01
560 · Food							0.00
Total 560 · Food							0.00
600 · Contractual/Consulting							-6,960.00
630 · Program Consultants							-6,960.00
Total 630 · Program Consultants							-6,960.00
640 · Administrative Consultants							0.00
General Journal	6/30/2009	JE#50			230 · Worker'...	-88.90	-88.90
General Journal	6/30/2009	JE#50			230 · Worker'...	88.90	0.00
Total 640 · Administrative Consultants						0.00	0.00
650 · Auditing Consultants							0.00
General Journal	6/30/2009	JE#53			850 · Agency l...	941.43	941.43
General Journal	6/30/2009	JE#53		To re-allocat...	850 · Agency l...	-941.43	0.00
Total 650 · Auditing Consultants						0.00	0.00
660 · Subcontract Services							0.00
Total 660 · Subcontract Services							0.00
600 · Contractual/Consulting - Other							0.00
Total 600 · Contractual/Consulting - Other							0.00
Total 600 · Contractual/Consulting						0.00	-6,960.00
66900 · Reconciliation Discrepancies							0.00
Total 66900 · Reconciliation Discrepancies							0.00
6999 · Uncategorized Expenses							0.00
Total 6999 · Uncategorized Expenses							0.00