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

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December 17, 2010

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

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **FISCAL REVIEW OF BIENVENIDOS CHILDREN'S CENTER, INCORPORATED – A FOSTER FAMILY AGENCY FOSTER CARE CONTRACTOR**

At the request of the Department of Children and Family Services (DCFS), we reviewed the fiscal operations of Bienvenidos Children's Center, Incorporated (Bienvenidos or Agency), from July 1, 2008 through June 30, 2009. DCFS contracts with Bienvenidos to serve as a Foster Family Agency (FFA) to recruit, certify, train and support foster family homes. Bienvenidos has offices in the First, Third and Fourth Supervisorial Districts.

At the time of our review, Bienvenidos had 273 children placed by Los Angeles County in 98 certified foster homes. DCFS paid the Agency between $1,589 and $1,865 per month for each foster child, for a total of $4,890,645. Bienvenidos paid $2,215,682 (45%) directly to the foster parents, which exceeds the State's minimum requirement of 40%.

The issuance of our report to your Board was delayed in part by changes in federal and State regulations regarding possible repayments of questioned costs from fiscal audits. To enable Bienvenidos to begin taking corrective action immediately, we discussed the findings and recommendations from our review with Agency management and DCFS on December 23, 2009.

## Summary of Findings

We identified $3,831 in unallowable costs and $1,633 in unsupported/inadequately supported costs. In addition, DCFS and the Agency need to work together to resolve and collect overpayments.

Bienvenidos also needs to strengthen its controls over its accounting and disbursement activities, untimely deposits, payroll/personnel records, independent contractors, bank reconciliations, fixed assets, and prepare and submit Semi-Annual Expenditure Reports to DCFS as required by the FFA contract. Details of our findings are discussed in the attached report.

We have recommended that DCFS resolve the questioned costs and collect any disallowed amounts. DCFS should also ensure that Bienvenidos management takes action to address the recommendations in this report and monitor to ensure that the actions result in permanent changes.

## Review of Report

We discussed our findings with Bienvenidos management and DCFS on December 23, 2009 but were unable to issue our final report to your Board due to changes in federal and State regulations. The Agency's response, which is incorporated into DCFS' fiscal Corrective Action Plan (Attachment II), indicates the Agency's general agreement with our findings and recommendations. Bienvenidos has repaid the entire $5,464 in questioned costs even though they are in disagreement with $500 we questioned as unallowable. We thank Bienvenidos management and staff for their cooperation during our review.

This audit is not intended to be, and does not constitute, the discovery or identification of an overpayment for purposes of the federal Improper Payments Act, related California State laws, including but not necessarily limited to Welfare and Institutions Code sections 11466.23, 11466.235, 11466.24, etc., nor State regulations intended to implement either the federal Improper Payments Act or related provisions in State law. This audit is intended solely to assist the County Department of Children and Family Services in managing its contractual relationships. Consequently, this report will be forwarded to the County Department of Children and Family Services in order that it might take further action, as it deems appropriate, based on its contents. Such further action may, or may not, include the discovery or identification of an overpayment for purposes of federal or State law.

Please call me if you have any questions, or your staff may contact Jim Schneiderman at (213) 253-0101.

WLW:MMO:JLS:MWM

Attachments

c: William T Fujioka, Chief Executive Officer
Antonia Jiménez, Interim Director, DCFS
Cynthia McCoy-Miller, Administrative Deputy III, DCFS
Ritchie Geisel, Chief Executive Officer, Bienvenidos Children's Center, Incorporated
Board of Directors, Bienvenidos Children's Center, Incorporated
Cora Dixon, Bureau Chief, Foster Care Audits Bureau, CA Dept of Social Services
Commission for Children and Families
Public Information Office
Audit Committee

## Bienvenidos Children's Center, Incorporated
## Fiscal Review

## REVIEW OF EXPENDITURES/REVENUES

We identified $3,831 in unallowable costs and $1,633 in unsupported/inadequately supported costs. In addition, DCFS and the Agency need to work together to resolve potential overpayments. Details of these costs/overpayments are discussed below.

### Applicable Regulations and Guidelines

Bienvenidos is required to operate its FFA in accordance with the following federal, State and County regulations and guidelines:

- FFA Contract, including the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook)
- Federal Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations (Circular A-122)
- California Department of Social Services Manual of Policies and Procedures (CDSS-MPP)
- California Code of Regulations, Title 22 (Title 22)

### Unallowable Costs

Bienvenidos incurred $3,831 in unallowable expenditures in late fees, finance charges and penalties from utility accounts, equipment leases, credit cards, bank overdraft and non-sufficient fund fees, a State citation, excessive false alarm fees, and traffic and vehicle violation fines. Circular A-122 Sections 16 and 23 state that penalties and interest are unallowable costs.

### Unsupported/Inadequately Supported Costs

A-C Handbook Section A.3.2 states that all expenditures shall be supported by original vouchers, invoices, receipts, or other supporting documents, and that unsupported expenditures will be disallowed upon audit. We identified $1,633 in FFA expenditures that were either unsupported or inadequately supported.

- $530 in inadequately supported expenditures involving catering services and a staff dinner party. The Agency provided cancelled checks, but no receipts, or the receipts were inadequate to substantiate that the expenditures were FFA related.
- $1,103 in inadequately supported credit card charges, including restaurant purchases and gift cards. The Agency provided credit card statements, but no

itemized receipts, or the receipts provided were inadequate to substantiate that the expenditures were FFA related.

**Recommendations**

1. **DCFS management resolve the $5,464 ($3,831 + $1,633) in questioned costs and collect any disallowed amounts.**

**Bienvenidos management:**

2. **Ensure that foster care funds are only used for allowable expenditures to carry out the purpose and activities of the FFA program.**

3. **Maintain adequate supporting documentation for all Agency expenditures, including itemized invoices and receipts.**

## DCFS Overpayments

DCFS records show overpayments made to the Agency. DCFS and the Agency should work together to resolve and collect any verified overpayments. Bienvenidos management should also ensure that any future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.

**Recommendations**

4. **DCFS management work with Bienvenidos to resolve the overpayments and DCFS should collect any verified overpayments.**

5. **Bienvenidos management ensure that any future payment discrepancies are immediately reported to DCFS and any overpaid amounts are repaid promptly.**

## CONTRACT COMPLIANCE AND INTERNAL CONTROLS

We noted several contract compliance issues and internal control weaknesses. DCFS should ensure that Bienvenidos management takes action to address the recommendations in this report. DCFS should monitor to ensure the actions result in permanent changes.

### Accounting and Disbursements

We noted the following weaknesses in the Agency's accounting and disbursement procedures:

- Nine expenditures were misclassified on the General Ledger. For example, several of these expenditures were classified as Rent-Building Expense. After reviewing the invoices, we noted that these expenditures should have been classified as Parking Expense. A-C Handbook Section A.2.5 recommends that agencies consistently post expenditures to the appropriate accounts.

- The Agency uses two vehicles, a 1997 and a 2001 Ford van, for foster care services. However, the Agency does not maintain vehicle logs. A-C Handbook Section A.3.2 recommends that agencies maintain vehicle mileage logs that identify the dates, destinations, purpose, beginning and ending odometer readings, and the resulting mileage of trips. The logs must clearly identify business versus non-business, or personal travel.

**Recommendations**

**Bienvenidos management:**

6. **Ensure that expenditures are posted to the appropriate accounts.**

7. **Maintain mileage logs that identify the dates, destinations, purpose beginning and ending odometer readings, and the resulting mileage of trips.**

## Untimely Deposits

A-C Handbook Section B.1.2 states that cash receipts totaling $500 or more shall be deposited within one day of receipt. Collections of less than $500 may be held and secured and deposited weekly or when the total reaches $500, whichever occurs first.

We noted that the Agency received 15 warrants, totaling $1,866, that were deposited into the Agency's bank account more than 20 days after the issue date. One warrant was deposited after 79 days and another warrant was deposited 178 days after their issue dates. Bienvenidos should also consider having its County payments electronically deposited directly into the Agency's bank account.

**Recommendation**

8. **Bienvenidos management ensure that Los Angeles County warrants are deposited timely, and consider having its County payments electronically deposited directly into the Agency's bank account.**

## Payroll / Personnel Records

CDSS MPP Section 11-402 requires that supporting documentation be maintained for all program expenditures, including employee salary rates. A-C Handbook Section B.3.1 also indicates that all timecards and time reports must be signed in ink by the

employee. A-C Handbook Section B.3.2 indicates that personnel records should also be maintained documenting employee pay rates and job descriptions.

We reviewed the personnel files and payroll records of 12 employees and noted the following:

- One employee did not sign their timecard.
- Two employee personnel files did not contain the current salary rate.
- Three employee personnel files did not contain the employee's job description.

**Recommendations**

**Bienvenidos management:**

9. **Ensure all employees sign their timecards.**

10. **Ensure personnel files contain current salaries/hourly wages approved by management.**

11. **Ensure personnel files contain the employee's job description.**

**Independent Contractors**

A-C Handbook Section A.2.6 requires agencies to report payments to independent contractors to the federal and State governments. In addition, A-C Handbook Section A.3.2 states that, for contractor services, contracts detailing the nature of services should be kept.

Our review of the Agency's independent contractor documents indicates that the Agency did not issue a Form 1099 to one contractor and did not have a written agreement with one contractor.

**Recommendations**

**Bienvenidos management:**

12. **Ensure that all payments to independent contractors are properly reported to federal and State taxing agencies.**

13. **Ensure that the Agency has a written agreement, detailing the nature of services, with all independent contractors.**

## Fixed Assets

A-C Handbook Section B.4.2 recommends that a current listing of fixed assets include the item description, serial number, date of purchase and acquisition cost. In addition, an inventory of all fixed assets should be conducted to ensure that all fixed assets are accounted for and maintained in proper working order at least once each year.

Bienvenidos provided a fixed asset listing that appeared to be a depreciation schedule. The listing does not include asset tag numbers or details of what the fixed assets are. For example, the listing only indicates "Equipment" or "Vehicle", but does not give details for that specific asset. In addition, the Agency does not conduct an annual inventory of its fixed assets.

### Recommendation

14. **Bienvenidos management prepare a fixed asset listing that includes item description, serial number, date of purchase, and acquisition costs. In addition, at least annually, conduct an inventory of fixed assets to ensure that all fixed assets are accounted for and maintained in proper working order.**

## Bank Reconciliations

A-C Handbook Section B.1.4 requires bank reconciliations be prepared within 30 days of the bank statement date and reviewed by management for appropriateness and accuracy. The bank reconciliations should be signed and dated by both the preparer and the reviewer.

We reviewed the monthly bank reconciliations for two bank accounts and noted that four of 12 monthly bank reconciliations were not signed by the reviewer. In addition, the reconciliations for December 2008 and June 2009 were prepared more than 30 days after the bank statement date.

### Recommendation

15. **Bienvenidos management ensure that bank reconciliations are prepared within 30 days of the bank statement date and signed and dated by the reviewer.**

## Semi-Annual Expenditure Reports

FFA Contract Section 17 requires agencies to prepare and submit Semi-Annual Expenditure Reports to DCFS within 60 days after the end of each semi-annual reporting period.

Bienvenidos operates Mental Health, Wrap Around, and Family Preservation Agency programs, in addition to the FFA program. The Agency provided two Semi-Annual Expenditure Reports covering July 1, 2008 through December 31, 2008 and January 1, 2009 through June 30, 2009. We noted that the Executive Director's (ED) full salary was reported as an expense of the FFA program. However, the ED's salary should have been allocated among all the Agency's programs. This overstates the ED's salary on the Semi-Annual Expenditure Reports. It appears that this was an isolated error, and we did not note any other instances of inaccurate reporting by the Agency on the Semi-Annual Expenditure Reports.

In addition, Bienvenidos' two Semi-Annual Expenditure Reports contain a Miscellaneous Expense account, totaling $28,705 for July 1, 2008 through December 31, 2008, and $29,074 for January 1, 2009 through June 30, 2009. We noted that one of the unallowable expenditures identified in our review, a civil penalty from the California Department of Social Services, was recorded in this account. Because this account may be used for questionable expenditures, Bienvenidos management should include details of the amounts recorded in the Miscellaneous Expenses on the Semi-Annual Expenditure Reports.

## Recommendations

**Bienvenidos management:**

16. **Prepare Semi-Annual Expenditure Reports that identify only expenditures related to the care and services of Los Angeles County foster children, including those portions of the administrative expenses allocated to the Los Angeles County foster family agency program.**

17. **Include details of the amounts recorded in the Miscellaneous Expenses account on the Semi-Annual Expenditure Reports submitted to DCFS.**

County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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December 7, 2010

Ritchie Geisel, Chief Executive Director
Bienvenidos Children's Center, Incorporated
316 W. 2nd Street, Suite 800
Los Angeles, CA 90012

Dear Mr. Geisel:

**AUDITOR-CONTROLLER'S FISCAL AUDIT REPORT ON BIENVENIDOS CHILDREN'S CENTER, INCORPORATED - A FOSTER FAMILY AGENCYFOSTER CARE CONTRACTOR**

We have reviewed your fiscal corrective action plan (FCAP) in response to the Auditor Controller's fiscal audit report for the period of July 1, 2008 through June 30, 2009. The FCAP fully addresses 17 recommendations (see Attachment III). In addition, the two recommendations directed to DCFS were fully addressed.

In regards to the $500.00 in recommendation #1, please provide any additional documents not previously shared with the Auditor-Controller for DCFS to review by December 15, 2010.

If you have any questions, please contact Ali Gomaa-Mersal of my staff at (213) 351-3209.

Sincerely,

Latisha Thompson

Latisha Thompson, ASM III
Fiscal Monitoring and Special Payments

Attachments

c: Mike McWatters, Chief Audit Division (via electronic mail only)
Russell Lingo, Principal Accountant-Auditor (via electronic mail only)

# FISCAL REVIEW OF
# BIENVENIDOS CHILDREN'S CENTER, INCORPORATED
# – A FOSTER FAMILY AGENCY FOSTER CARE CONTRACTOR

**Note:** *Department of Children and Family Services (DCFS) will only review* documentation not previously provided to the Auditor-Controller.

## Summary of Recommendations

Based on the FCAP submitted by Bienvenidos Children's Center, Incorporated, status of each recommendation is summarized as follows:

- 17 Recommendations (1-17) were fully addressed.
- 2 Recommendations (1&4) directed to the Department were addressed.

## Recommendation Status

1. **DCFS management resolves $5,464 ($3,831 + $1,633) in questioned costs and collect any disallowed amounts.**

   **Agency Proposed FCAP**: The $3,831 in unallowable costs is non-negotiable. Your Agency may submit additional documentation (documents not previously shared with the Auditor-Controller) for DCFS to review. The submission of additional documentation may result in a reduction in the $1,633 in Auditor-Controller identified unsupported/inadequately supported costs.

   Bienvenidos reimbursed the County for the full amount of $5,464 with check # 14243. The check was created and mailed on 09/13/10.

   Bienvenidos agrees with the audit findings with one exception. For those items that we are in agreement, Bienvenidos will create a separate monthly work paper to its month end financial statement preparations. This work paper will list all of the unallowable items such as late fees, penalties, etc. These costs will be removed from the administrative cost center before administrative costs are allocated to program cost centers. An audit trail will be designed to verify the removal of unallowable costs. The one exception is the $500 payment to Children Uniting Nations. This payment was made to purchase a booth at an event to drawn in/solicit potential Foster Parents. We feel this is a normal cost of doing business under the Foster Care Services program. We will provide additional documentation to DCFS as soon as possible as evidence of our position. If DCFS agrees with us after examining the documentation then we would like to request a refund of the $500 payment that was included in our $5,464 reimbursement to the County.

**DCFS Response**: DCFS received and deposited the check. Please provide any additional documents not previously shared with the Auditor-Controller for DCFS to review.

2. **Bienvenidos management ensures that foster care funds are only used for allowable expenditures to carry out the purpose and activities of the FFA program.**

   **Agency Proposed FCAP**: For all transactions occurring after the period covered by the audit, the management of Bienvenidos will ensure that foster care funds are only used for allowable expenditures to carry out the purpose and activities of the FFA program. If management is unsure, it will request an opinion from DCFS before entering into a transaction. Please provide written Board-approved policies and procedures to ensure compliance with the recommendation. Please find attached the agency FY 2009/10 Finance Policy & Procedure manual which includes cost allocation method for the FY 2009/10. The Finance P&P are reviewed and approved by the Board of Director's Finance Committee. The Committee meets with the CEO and CFO every two months.

   **DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

3. **Bienvenidos management maintain adequate supporting documentation for all Agency expenditures, including itemized invoices and receipts.**

   **Agency Proposed FCAP**: As its normal practice, Bienvenidos has always maintained supporting documentation for agency expenditures. Itemized invoices and receipts must be in their original form in the agency files attached to the check copy for proof of payment. A separate expense advance account is on the balance sheet for every program in situations where the funds are provided in advance of the purchase. The items are re-classed to the income statement after the original receipts are collected. The policy requires a five business day turnaround and is monitored closely by the Finance Department. On occasion, receipts have gone missing for one reason or another (e.g. invoices pulled for audit review or for analysis by other staff outside of Accounts Payable.). To help resolve this problem, all invoices are now scanned and attached (via the server) to the specific transaction in our accounting software. This ensures we at least have a copy of the receipt or invoice and it prevents others from pulling these documents from the AP files.

   **DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

4. **DCFS management work with Bienvenidos to resolve the overpayments and DCFS should collect any verified overpayments.**

**Agency Proposed FCAP**: The verbal audit recommendation noted that the agency audited financial statements included a footnote that Bienvenidos owes $89,425 in DCFS foster care overpayments back to the County as of 06/30/09. It was also noted that $60,443 of the balance was paid back to DCFS on 11/11/09. It is further noted that DCFS informed the agency on November 13th that the balance due is only $23,190. An extensive and thorough internal audit of our Foster Track system, our accounting software and the Foster Care Accounts Receivable records began in January 2009. The audit has resulted in the re-design and implementation of better tools for tracking and accurately reporting the amount due to Bienvenidos and the overpayments due to DCFS. The payment of $60,443 mentioned above was the outcome of this internal audit and included months of discussion and research between Bienvenidos and DCFS. Bienvenidos agrees with the auditor's recommendations and will make every effort to work closely with DCFS to reconcile the earnings. We will monitor the activity more closely and repay promptly any overpayments we identify from DCFS. The agency recently invested in an agency wide client tracking software (Evolv) and is in the early stages of implementation. Once implemented, it will replace the current tracking mechanisms (e.g. Foster Track, excel, QuickBooks) and fully integrate the days of care with the billing and collections and payment of fees for foster care services.

**DCFS Response**: DCFS accepts the agency's response.

5. **Bienvenidos management ensures that any future payment discrepancies are immediately reported to DCFS and any overpaid amounts are repaid promptly.**

**Agency Proposed FCAP**: As of December 1, 2010, Bienvenidos has a liability of less than $5,000 and will repay this amount by the end of the week. Bienvenidos communicates with the repayment department at DCFS for Foster Care and reconciles the overpayment account on a monthly basis and reconciles to DCFS invoices for repayment. In some cases, the date of release is in correct in the DCFS system but it becomes very difficult to contact the DCFS Social Workers to change the dates in their system. The dollar amounts in question are small at this time.

**DCFS Response:** DCFS accepts the agency's response.

6. **Bienvenidos management ensure that expenditures are posted to the appropriate account.**

**Agency Proposed FCAP**: The nine items included two types of transactions; four related to late fees for late payment of invoices and five related to monthly parking fees and metro passes being charged to rent expense instead of parking fees. No other items were identified as having been misclassified.

a) Late fees

Bienvenidos makes a conscious effort to assign any and all late fee charges to a separate expense line item on the general ledger. This line item was added by the current CFO approximately three years ago with an understanding that penalties are not an allowable cost under OMB A122 and in an effort to bring attention to and eliminate the unnecessary charges. The agency will take extra measures to ensure that 100% of penalties for late payment are properly charged to the penalty expense line item.

b) Parking fees and metro passes

Bienvenidos sold its corporate headquarters in Altadena in April 2008 and relocated its administrative staff to an office in downtown Los Angeles. In order for the Board of Director's Finance Committee to compare the cost of the old facility to the new facility, the CFO combined all fixed expenses related to the operations of the administrative offices. The monthly rent for the downtown facility includes the actual office space, common area maintenance, monthly parking and storage and is consistently charged to Rent Expense. A subaccount under "Rent Expense" titled "rent – parking" is part of the new general ledger for this purpose. In this case, Bienvenidos did not misclassify its expenses. Since the move was two years ago, Bienvenidos will go ahead and move the budget line item for staff parking to the Transportation expense and out of the Rent-Parking expense.

Parking fees incurred away from the office are consistently charged to Transportation Expense on the general ledger. Bienvenidos agrees with the auditors that the Metro passes should be charged to Transportation Expense and is will do so going forward.

**DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

7. **Bienvenidos management maintain mileage logs that identify the dates, destinations, purpose beginning and ending odometer readings and the resulting mileage of trips.**

**Agency Proposed FCAP**: The agency does require vehicle logs for company vehicles used by more than one program or a program supported by more than one funding source. The log is used to properly allocate the cost of the vehicle to the separate funding sources and to make sure it is not used for personal reasons. The two vehicle used for foster care services are used exclusively for foster care services funded 100% by the DCFS contract. The logs, although not consistent or complete are available, but were not provided to the auditors during their field work (copy attached). It must also be noted that these two vehicles are used exclusively for foster care services and are for business use only. The agency

does not allow its employees to use company owned vehicles for personal use. These two vehicles are parked every night at the Foster Care offices. The agency is re-designing its company owned vehicle logs to capture the relevant information and will monitor periodically to ensure the logs are being maintained accurately and in real time.

**DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

8. **Bienvenidos management ensure that Los Angeles County warrants are deposited timely, and consider having its County payments electronically deposited directly into the Agency's bank account.**

**Agency Proposed FCAP**: It was noted that 15 LA County warrants totaling $1,866 were deposited more than 20 days from the issue date (one deposit 79 days later and one deposit 178 days later) and further noted that the A-C handbook requires cash receipts of more than $500 will be deposited on a daily basis and less than $500 on a weekly basis. The auditor recommended that the agency make timely deposits and to consider having its County payments electronically deposited directly into the agency's bank account

Agency response – Bienvenidos agrees with the audit recommendation to sign up and receive electronic deposits from the County. The agency is in the process of establishing this payment method and estimates it will be in begin in January 2011. The agency receives approximately 235 foster care checks totaling $400,000 each month and normally deposits these amounts within 24 hours through a remote deposit machine purchased from our bank that scans the checks and electronically submit directly into the agency's bank account. On occasion, one or more checks are not fully scanned and thus not credited to our bank account. The agency has a system of review in place that captures these checks by the next day at which time they are physically taken to the bank for deposit (the remote machine is designed to reject a second deposit attempt of the same check through the scanner). The checks in question were victims of this process and were deposited three weeks later due to the availability of staff to drive to the bank and taking into consideration the small amount of the checks in relation to the overall monthly deposits made by the agency. The agency was fully aware of these pending checks and maintained them in a secure location until we were able to drive to the bank.

**DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

9. **Bienvenidos management ensures all employees sign their timecards.**

**Agency Proposed FCAP**: Currently, a thorough review of timesheets is done before submitting to payroll for processing. Incomplete timesheets are returned to the Supervisor with enough time allowed for corrections.

**DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

10. **Bienvenidos management ensures personnel files contain current salaries/ hourly wages approved by management.**

    **Agency Proposed FCAP**: Bienvenidos acknowledges the findings under this section and has increased its efforts to update all personnel files with current salary information and job descriptions..

    **DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

11. **Bienvenidos management ensures personnel files contain the employee's job description.**

    **Agency Proposed FCAP**: Bienvenidos acknowledges the findings under this section and has increased its efforts to update all personnel files with current salary information and job descriptions..

    **DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

12. **Bienvenidos management ensures that all payments to independent contractors are properly reported to the federal and State taxing agencies.**

    **Agency Proposed FCAP**: Audit findings included payments to one individual as contracted services but no supporting 1099 on file. The payment to Carla Barnes was made in April 2009. The field work was conducted in December 2009 before the calendar year end. The 1099 was issued to Carla Barnes by 1/31/10.

    **DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Please submit a copy of Carla Barnes, issued1099 to DCFS.

13. **Bienvenidos management ensures that the Agency has a written agreement, detailing the nature of services, with all independent contractors.**

    **Agency Proposed FCAP**: It was noted that a written agreement was not available for contractor Paul Inglizian. Bienvenidos has a long standing policy which it enforces that all contracted services paid for under government funded programs must be supported by a contract agreement between the individual and Bienvenidos. The document clearly states the scope of services. The agreement also requires monthly invoices be submitted with a dates, purpose, attendees and the contractor's signature. This standard agreement requires proof of insurance, professional license, finger print clearance, a current driver's license, etc. All of this information is maintained in a separate file for each contractor.

**DCFS Response**: DCFS accepts the agency's response. Please submit a copy of the standard contract agreement to DCFS.

14. **Bienvenidos management prepare a fixed asset listing that includes item description, serial number, date of purchase, and acquisition costs, and conduct an inventory of fixed assets to ensure that all fixed assets are accounted for and maintained in proper working order at least annually.**

    **Agency Proposed FCAP**: Bienvenidos agrees that the Fixed Asset listing furniture, equipment and vehicles is inadequate and should be updated with all the information listed under Section B.4.2 of the A-C handbook. Bienvenidos does have a detailed inventory listing of all computers since January 2007 including description, serial numbers, employee receiving computer, date of purchase and PO#. Bienvenidos has not conducted an agency wide inventory of its computers and other equipment, but understands the importance of doing so. It agrees with the audit recommendation and will conduct an agency wide inventory count before the end of the calendar year.

    **DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Please submit a copy of new Fixed Asset listing to DCFS.

15. **Bienvenidos management ensures that bank reconciliations are prepared within 30 days of the bank statement date, and signed and dated by the preparer and reviewer.**

    **Agency Proposed FCAP**: Bienvenidos agrees with the finding that the reviewer has not signed the bank reconciliations on four occasions in a 12-month period. This has been resolved as part of a written check list procedure for preparing and completing the monthly financial statements. As a matter of policy, the bank reconciliations must be approved before submission of the monthly financials to the Board Finance Committee.

    The June bank reconciliation was late due to the yearend closing. The December bank reconciliation was late due to open items that required further research or analysis. The agency Controller makes it a matter of practice to prepare and submit the bank reconciliations to the CFO every month. Any lateness is more likely to be the cause of the CFO rather than the Controller (due to a request for further analysis).

    **DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Please submit a copy of new check list procedure to DCFS.

16. **Bienvenidos management prepare Semi-Annual Expenditure Reports that identify only expenditures related to the care and services of Los Angeles County foster children including those portions of the administrative**

**expenses allocated to the Los Angeles County foster family agency program.**

**Agency Proposed FCAP**: Bienvenidos agrees with the audit findings that 100% of the Executive Director's salary should not have been charged to the Expenditure report. This was an error as the ED salary is charged 100% to the Admin cost center (which is allocated to all programs under the Simplified Method in OMB A-122).

**DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

17. **Bienvenidos management include details of the amounts recorded in the Miscellaneous Expenses account on the Semi-Annual Expenditure Reports submitted to DCFS.**

**Agency Proposed FCAP**: Certain items under miscellaneous account were not allowable costs and were re-classed as such. All prior Semi-Annual Expenditure Reports dating back to FYE 06/30/09 are under review and if any material modifications are made the reports will be resubmitted to DCFS as "revised".

**DCFS Response**: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.