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January 10, 2012

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

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **DEPARTMENT OF PUBLIC SOCIAL SERVICES – STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF PROGRAM CONTRACTS - FISCAL YEARS 2007-08 THROUGH 2009-10**

The Department of Public Social Services (DPSS) administers and contracts with private firms for services related to various State assistance programs. The contracts include clerical support, training, case management services, and service coordination for programs such as CalWorks Support Services, Careers in Child Care, etc. The State requires the County to conduct financial and compliance audits of each contract, after the contracts have expired, to ensure the contractors complied with all State requirements.

At DPSS' request, we contracted with an independent Certified Public Accounting (CPA) firm, Thompson, Cobb, Bazilio & Associates (TCBA), to conduct the financial and compliance audits of 16 DPSS program service contracts that expired from Fiscal Years (FY) 2007-08 through 2009-10. The 16 program service contracts totaled $4.5 million.

Review Summary

As indicated on the attached schedule, TCBA identified a total of $6,707 in questioned costs for six of the 16 contracts. The questioned costs were for inadequately documented expenditures, unauthorized subcontracted services, and overbilled payroll expenses.

Review of Report

TCBA discussed their reports with each contractor and DPSS. After the audits were completed, DPSS worked with one contractor, Weingart Center Association, to locate documentation supporting all of their $3,505 in questioned costs. As a result, Weingart Center will not be required to reimburse DPSS. DPSS has collected all of the questioned costs from the remaining contractors.

Due to the large number of audits, copies of the individual reports are not attached, but are available for review. Please call me if you have any questions, or your staff may call Robert Campbell at (213) 253-0101 if you wish to review any of the reports.

WLW:JLS:RGC:MP

Attachment

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Acting Director, Department of Public Social Services
Public Information Office
Audit Committee

STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF DPSS PROGRAM CONTRACTS FISCAL YEARS 2007-08 THROUGH 2009-10

	Agency Name	Contract Name	Description of Services	Amount Paid to Contractor	Questioned Costs
1	Mt. San Antonio College	Careers in Child Care	Provides coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$74,868	$362
2	Weingart Center Association	Housing Locators Services for Homeless CalWORKs WtW Families	Provided housing locator services for homeless CalWORKs Welfare-to-Work Families into affordable housing units.	$115,542	$3,505
		Housing Locator Consultant Services for GR Single Adults	Provided 200 housing lists on a monthly basis to the General Relief Housing Locator to refer General Relief homeless participants.	$216,658	
3	Citrus College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$75,489	$212
4	East Los Angeles College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$62,984	$317

STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF DPSS PROGRAM CONTRACTS
FISCAL YEARS 2007-08 THROUGH 2009-10

	Agency Name	Contract Name	Description of Services	Amount Paid to Contractor	Questioned Costs
5	Los Angeles Unified School District	LAUSD-CalWORKs Division Program	Provided out-of-classroom coordination services to CalWORKs participants at 16 Adult Education school sites.	$1,090,823	$1,618
6	Los Angeles Unified School District	GROW Orientation Rapid Employment and Promotion and Job Skills Preparation Class Services	Provided Orientation, Rapid Employment and Promotion and and Job Skills Preparation Class Services to GROW Participants.	$765,462	$693
			Sub-Total of Contractors with Questioned Costs	**$2,401,826**	**$6,707**

	Agency Name	Contract Name	Description of Services	Amount Paid to Contractor	Questioned Costs
7	Del Richardson & Associates	Housing Locators Services for Homeless CalWORKs WtW Families	Provided housing locator services for homeless CalWORKs Welfare-to-Work Families into affordable housing units.	$835,625	
8	El Camino College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$76,704	

STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF DPSS PROGRAM CONTRACTS
FISCAL YEARS 2007-08 THROUGH 2009-10

	Agency Name	Contract Name	Description of Services	Amount Paid to Contractor	Questioned Costs
9	Los Angeles Southwest College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$78,202	
10	Rio Hondo College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$71,587	
11	Santa Monica College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$80,106	
12	Compton College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$55,263	
13	Long Beach City College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$65,228	

STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF DPSS PROGRAM CONTRACTS
FISCAL YEARS 2007-08 THROUGH 2009-10

	Agency Name	Contract Name	Description of Services	Amount Paid to Contractor	Questioned Costs
14	Los Angeles Mission College	Careers in Child Care	Provided coordination/support services to assist CalWORKs participants to complete their academic program and become licensed child care providers.	$84,198	
15	Los Angeles County Office of Education	Child Care Training Institute	Provided training to child care providers which enhances the availability of child care to CalWORKs participants.	$422,602	
16	Los Angeles County Office of Education	CalWORKs Support Services Program	Provided support services to CalWORKs participants at 13 Adult Education and Regional Occupatioal Center/Program Agencies.	$356,148	
			Grand Total of All Contractors	**$4,527,489**	**$6,707**