COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

July 13, 2006

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

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **AVIVA FAMILY AND CHILDREN'S SERVICES - WORKFORCE INVESTMENT ACT PROGRAMS**

We have conducted a program, fiscal and administrative contract review of Hamburger Home, Inc. dba Aviva Family and Children's Services (Aviva or Agency), a Workforce Investment Act (WIA) Program service provider.

Background

The Department of Community and Senior Services (DCSS) contracts with Aviva, a private non-profit organization, to provide and operate the WIA foster youth special needs program. The WIA foster youth special needs program is a comprehensive training and employment program for foster youths who are pregnant or parenting, and foster youths in need of work experience. Aviva's offices are located in the First and Third District.

Aviva is compensated on a cost reimbursement basis. For fiscal year (FY) 2004-2005, DCSS paid Aviva approximately $125,756 and for FY 2005-2006, Aviva's contract is for approximately $135,000.

Purpose/Methodology

The purpose of the review was to determine whether Aviva has complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible youth participants. We also evaluated the adequacy of the Agency's

accounting records, internal controls and compliance with federal, State, and County guidelines.

Results of Review

The program participants/guardians interviewed stated that the services the participants received met their expectations. Generally, Aviva maintained adequate internal controls over its business operations and the non-personnel expenditures were allowable and supported by documentation as required.

Aviva did not maintain documentation to support the eligibility of individuals that received program services for two of ten participants sampled. In addition, Aviva did not report the program activities, such as supportive services and completion of leadership activity, on the Job Training Automation (JTA) system for all ten 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.

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

Review of Report

We discussed our report with Aviva on June 8, 2006. In their attached response, Aviva indicates general agreement. Aviva also submitted additional documentation to support the eligibility of one participant. Aviva provided documentation to confirm that the participant was enrolled in school. However, Aviva also needs to obtain a copy of the participant's social security card, birth certificate, or identification card.

We also notified DCSS of the results of our review. We will follow-up our recommendations during next years' monitoring review. We thank Aviva 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: David E. Janssen, Chief Administrative Officer
Cynthia Banks, Director, Department of Community and Senior Services
Andrew Diamond, President and CEO, Aviva Family and Children's Services
Public Information Office
Audit Committee

WORKFORCE INVESTMENT ACT PROGRAM
AVIVA FAMILY AND CHILDREN'S SERVICES
FISCAL YEAR 2005-06

ELIGIBILITY

Objective

Determine whether Hamburger Home, Inc. dba Aviva Family and Children's Services (Aviva or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We judgmentally sampled ten (11%) program participants from a total of 94 participants that received services between July and December 2005 and reviewed their case files for documentation to confirm their eligibility for WIA program services.

Results

Aviva did not maintain appropriate documentation to support the participants' eligibility to receive program services for two (20%) of the ten participants. Specifically, Aviva did not obtain proof of registration for Selective Services and documentation of the individual's employability. Aviva did not bill the Department of Community and Senior Services (DCSS) for any direct costs, such as, wages or incentives for the two participants. However, the two participants may have incurred indirect costs, such as, staff time.

Subsequent to our review, Aviva provided appropriate documentation to support one of the two participants' eligibility.

Recommendations

Aviva management:

1. **Ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment as required.**

2. **Review the eligibility of all program participants and repay DCSS for services provided to participants that were not eligible to receive services.**

BILLED SERVICES/CLIENT VERIFICATION

Objective

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

Verification

We reviewed the documentation contained in the case files for ten (11%) program participants that received services during July through December 2005. We also interviewed three of the program participants/guardians.

Results

The three youth program participants/guardians interviewed stated that the services the participants received met their expectations. However, Aviva did not administer the post-assessment within one year of the pre-assessment, for one (17%) of the six participants who were assessed as basic literacy skills deficient as required.

In addition, Aviva did not report the program activities, such as supportive services and completion of leadership activity, on the Job Training Automation (JTA) system as required for all ten participants. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

Recommendations

Aviva management:

4. **Ensure that staff administer the post-assessment within one year of the pre-assessment for those participants who were assessed as basic literacy skills deficient.**

5. **Ensure that staff update the JTA system to reflect the program participants' activities.**

CASH/REVENUE

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.

Aviva maintains one checking account for all their programs and properly records their cash and revenue by funding sources in their accounting records. We reviewed Aviva's

overall controls over cash and revenue during our review of Aviva's Wraparound Program. In our report dated June 1, 2006, we recommended that Aviva management resolve reconciling items in a timely manner. Aviva subsequently resolved all their reconciling items.

EXPENDITURES/PROCUREMENT

Objective

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

Verification

We interviewed Agency personnel, reviewed financial records and other documentation to support 55 non-payroll expenditures transactions, totaling $7,265 (72%) of $10,154, billed by the Agency for October and November 2005.

Results

Aviva's expenditures were allowable, accurately billed to DCSS, and supported by documentation as required.

Recommendation

There are no recommendations in this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, 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

Generally, Aviva maintained adequate internal controls over its business operations. However, Aviva purchased a computer in September 2005 that cost approximately

$1,730, without obtaining price quotes. WIA guidelines require that three price quotations be obtained for purchases over $1,000.

In addition, Aviva invoiced DCSS for the months of July through October 2005 in November 2005. The County contract requires that the invoices be submitted no later than the fifth working day after month end.

Recommendations

Aviva management:

6. **Ensure that three price quotes are obtained and documented for purchases over $1,000.**

7. **Ensure that the monthly invoices are submitted to DCSS no later than the fifth working day after each month end.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Aviva'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 the one (100%) item purchased with by WIA funds, totaling approximately $1,730.

Results

Aviva used the equipment purchased with WIA funding for the WIA program. However, the property was not properly tagged. Subsequent to our review, Aviva properly tagged the equipment as required.

Recommendation

8. **Aviva management ensure that future property purchases are properly tagged.**

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 payroll expenditures for three employees in October 2005, totaling $5,590 (71%) to the payroll records and time reports. We also interviewed one employee and reviewed the personnel files for three employees assigned to the WIA program.

Results

Aviva over billed DCSS $435. Specifically, one employee charged 65.5 hours to the WIA program in October 2005. However, Aviva billed DCSS 90 hours for the employee. Aviva management indicated that the over billing was due to a data entry error.

Recommendations

Aviva management:

9. **Repay DCSS $435 for the amount over billed.**

10. **Ensure staff accurately enters the hours charged to each program into the payroll system.**

COST ALLOCATION PLAN

Objective

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

Verification

We reviewed Aviva's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during October and November 2005 to ensure that the expenditures were properly allocated to the Agency's appropriate programs.

Results

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

Recommendation

There are no recommendations in this section.

Aviva Family and Children's Services

Incorporated as Hamburger Home. Founded 1915

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Administrative Services

Judi Rose, MA
Director of Development

ACCREDITED
Council on Accreditation for Children and Family Services

June 22, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
J. Tyler McCauley, Auditor-Controller

SUBJECT: **AVIVA FAMILY AND CHILDREN'S SERVICES-WORKFORCE INVESTMENT ACT PROGRAMS**

This letter is in response to the program, fiscal, and administrative review the County Auditor-Controller conducted of our FY 2005-2006 WIA foster youth contract with the Department of Community and Senior Services. We thank the auditors for their positive feedback during their audit. This letter will address the findings brought forth by the auditors at the conclusion of their review and the appropriate corrective action plan to be followed in subsequent periods.

Eligibility

Results

For two (20%) of the ten participants, Aviva did not maintain appropriate documentation to support the participants' eligibility to receive program services. Specifically, Aviva did not obtain proof of registration for Selective Services and documentation of the individual's employability. The two participants may have incurred indirect costs, however, no direct costs for services billed to the Department of Community and Senior Services (DCSS) could be determined.

Subsequent to our review, Aviva provided appropriate documentation to support one of the two participants' eligibility.

Recommendations

Aviva management:

1. **Ensure that staff obtains appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment as required.**

2. **Review the eligibility of all program participants and repay DCSS for services provided to participants that were not eligible to receive services.**

Aviva Response

Aviva is continuously learning the *appropriate documentation* required in the contract. Frequently there is conflicting or ambiguous information in the interpretation between the County and State regarding appropriate documentation required. The client did indicate that he had appropriate Selective Service documentation at the time of enrollment. Subsequently, it was discovered that he did not have this documentation and Aviva staff helped him to obtain this documentation (as indicated in the auditor's report). Additionally, Aviva obtained documentation from the Florence Crittenton Center School validating the eligibility of the second client (as requested by the auditor). This was submitted to the auditor prior to the final draft of this report. Unfortunately, this is not reflected in the auditor's report. It is being enclosed as an attachment.

Corrective Action Plan

Aviva will continue to seek clarification in order to ensure that appropriate documentation of eligibility for program services is obtained. Regarding the second recommendation, it is believed that all program participants meet eligibility requirements and no repayment is due to DCSS.

BILLED SERVICES/CLIENT VERIFICATION

Results

The three youth program participants/guardians interviewed stated that the services the participants received met their expectations. In reviewing the case files, one (17%) of the six participants who were assessed as basic literacy skills deficient, Aviva did not administer the post-assessment. A

post-assessment is required within one year of the pre-assessment.

For all ten participants, Aviva documented the program activities, such as supportive services and completion of leadership activity, in the participants' case files. However, the program activities were not reported on the Job Training Automation (JTA) system 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.

Recommendations

Aviva management:

4. **Ensure that staff administers the post-assessment within one year of the pre-assessment for those participants who were assessed as basic literacy skills deficient.**

5. **Ensure that staff updates the JTA system to reflect the program participants' activities.**

Aviva Response

It should be noted that the nature of this client population is very transient. Of the sample, the one client that did not receive post testing has a rich history of running away for extensive lengths of time and then coming back to their placements. Aviva continues to make efforts to track these clients and coordinate with their caregivers in order to provide the required post-testing.

Regarding the reporting of the program activities on the JTA system, again Aviva is continuing to negotiate the sometimes-ambiguous interpretation between the County and State requirements. As indicated by the auditor controller, Aviva had the data documented and could have and would have easily have entered this into the JTA system; this, however, was not the direction given by the County.

Corrective Action

Aviva will continue to make every effort to meet the requirement of pre- and post-assessment for those

participants who were assessed as basic literacy skills deficient. This is based on the transient nature of this client population. Regarding the second recommendation, as a result of the audit, Aviva has been educated regarding this requirement by the State and will fully comply with updating the JTA system to reflect the program participants' activities.

Cash/Revenue

Results

The County auditors indicated that 24 outstanding checks totaling $350, were older than 90 days. County policy requires that all checks be cancelled after being outstanding for longer than 90 days.

Corrective Action

As stated in the report, Aviva cancelled all 24 checks to be in compliance with County cash policies. We will continue to keep our records up to date by canceling checks on a monthly basis that are outstanding past 90 days.

Internal Controls

Result

County auditors identified that Aviva purchased a computer in September 2005 that cost approximately $1,730, without obtaining price quotes. It also states that Aviva was late two months turning in invoices.

Corrective Action

Aviva has established a written policy that requires any purchase over $1,000, to have at least three quotes from various vendors.

Invoices are now being submitted by the required time.

Cost Allocation Plan

Result

Equipment purchased for the program was not properly tagged as required.

Corrective Action

Aviva has obtained asset tags, and they are affixed on all property purchased for the organization.

Payroll and Personnel

Result

Aviva over-billed DCSS $435 due to charging 90 hours of an employees time to the program instead of the 65.5 hours they should have in October 2005.

Corrective Action

In reviewing the timesheet, we discovered that the employee had mistakenly recorded the incorrect allocation of hours on his timesheet. This only occurred in this one month. Aviva will reimburse DCSS the $435 plus any other costs such as taxes for the over-charge. Aviva will also verify the accuracy of expenditure charged to the program on a monthly basis

Sincerely,

Ira J. Kruskol, LCSW, BCD
Vice President, Community Services

Tom Bernal
Chief Financial Officer

Cc: Andrew Diamond, LCSW
President/CEO

Paul Costello
WIA Program Coordinator

Attachment

c: David E. Janssen, Chief Administrative Officer
Cynthia Banks, Director, Department of Community and Senior Services
Public Information Office

Florence Crittenton Center

Helping Children Succeed Since 1892

June 15, 2006

RE: Antoinette , DOB / /88

To Whom It May Concern:

Antionette attended Crittenton High School from December 3, 2003 through October, 2004 and again from June 23, 2005 through November, 2005.

Steven Schultz
Executive Director
323/225-4211 x15

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