COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
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October 4, 2007

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

FROM: J. Tyler McCauley FOR
Auditor-Controller

SUBJECT: **AMANECER COMMUNITY COUNSELING SERVICES CONTRACT REVIEW – A DEPARTMENT OF CHILDREN AND FAMILY SERVICES WRAPAROUND APPROACH SERVICES PROGRAM PROVIDER**

We have conducted a fiscal review of Amanecer Community Counseling Services (Amanecer or Agency), a Department of Children and Family Services (DCFS) Wraparound Approach Services (Wraparound) Program provider.

Background

DCFS contracts with Amanecer, a private non-profit community-based organization, to provide and operate the Wraparound program. The Wraparound program is a family-centered and needs-driven program providing individualized services to children and their families such as, therapy, housing, educational and social assistance. The target population for the Wraparound program includes children who are currently or at risk of being placed in a Rate Classification Level of 12 to 14 group home, Metropolitan State Hospital, etc. Amanecer is located in the First District.

DCFS paid Amanecer on a fee-for-service basis $4,184 per child, per month. Amanecer was paid approximately $163,000 for Fiscal Year 2006-07.

Purpose/Methodology

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

Results of Review

Overall, Amanecer provided the services in accordance with the County contract. Amanecer's program expenditures were allowable, properly documented and accurately billed to the Wraparound program as required. Amanecer's Cost Allocation Plan complied with the County contract and costs were allocated appropriately. In addition, Amanecer maintained adequate accounting records and appropriate internal controls over its business operations.

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

Review of Report

On August 17, 2007, we discussed our report with Amanecer management. In their attached response, Amanecer management concurred with our finding and recommendation. We also notified DCFS of the results of our review.

We thank Amanecer 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
Patricia S. Ploehn, Director, Department of Children and Family Services
Susan Kerr, Chief Deputy Director, Department of Children and Family Services
Tim Ryder, Executive Director, Amanecer Community Counseling Services
Public Information Office
Audit Committee

WRAPAROUND APPROACH SERVICES
AMANECER COMMUNITY COUNSELING SERVICES
FISCAL YEAR 2006-07

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in Amanecer Community Counseling Services' (Amanecer or Agency) records and deposited timely in the Agency's bank account. In addition, determine whether the Agency maintained adequate controls over cash, petty cash and other liquid assets.

Verification

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

Results

Amanecer maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether 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 for 26 non-personnel expenditure transactions billed by the Agency from July 2006 through April 2007, totaling $10,125.

Results

Amanecer's program expenditures were allowable, properly documented and accurately billed to the Wraparound program as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations.

Verification

We interviewed Agency personnel, reviewed the Agency's policies and procedures manuals and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Amanecer maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Amanecer's fixed assets and equipment purchased with Wraparound funds are used for the Wraparound program and that the assets are adequately safeguarded.

Verification

We interviewed Agency personnel. In addition, we performed a physical inventory and reviewed the usage of four items purchased with Wraparound funds, totaling $1,433.

Results

Amanecer used the four items purchased with Wraparound funding for the Wraparound program. However, Amanecer did not maintain a fixed asset and equipment listing and did not perform an annual inventory.

Recommendation

1. **Amanecer management maintain a fixed asset and equipment listing and perform a physical inventory of their fixed assets and equipment annually.**

PAYROLL AND PERSONNEL

Objective

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

Verification

We reviewed payroll expenditures for all nine employees, totaling $15,544 to the payroll records and time reports for April 2007. We also reviewed the personnel files for the nine employees assigned to the Wraparound program.

Results

Amanecer's salaries were properly supported and appropriately charged to the Wraparound program. The Agency also maintained personnel files as required by the County contract.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN

Objective

Determine whether Amanecer's Cost Allocation Plan was 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 reviewed a sample of expenditures incurred by the Agency in March and April 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

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

Recommendation

There are no recommendations for this section.

Amanecer
Community Counseling Services

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MEMBER OF
Association of Community
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August 31, 2007

Ms. Susan Kim
Principal Accountant-Auditor
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 South Fremont Avenue
Building A-9 East, First Floor
Alhambra, CA 91803

Dear Ms. Kim,

The following is in response to the audit finding for the Wraparound Program:

Finding #4:"Fixed Assets and Equipment"
Results: Amanecer used the four items purchased with wraparound funding for the Wraparound program. However, Amanecer did not maintain equipment and fixed asset listing and did not perform an annual inventory.

Recommendation: Amanecer management maintains equipment and fixed assets listing and performs an annual physical inventory of equipment and fixed assets.

Corrective Action Plan: We concur with the finding and because this is the first year of the wraparound program the recommendation will be implemented for fiscal year 2007-08.

Sincerely,

Frank Chargualaf
Chief Financial Officer