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

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JAMES L. SCHNEIDERMAN
JUDI E. THOMAS

July 13, 2011

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: **STATUS REPORT – REQUEST FOR EXTENSION FOR REVIEW OF THE DEPARTMENT OF CHILDREN AND FAMILY SERVICES' YOUTH DEVELOPMENT SERVICES DIVISION (Board Agenda Item 51-B, June 14, 2011)**

At the June 14, 2011 meeting, your Board instructed the Auditor-Controller to conduct a comprehensive "top-to-bottom" review of the Department of Children and Family Services' (DCFS) Youth Development Services Division (YDSD or Division). The request was based on a fraud in YDSD's Transitional Housing Program (THP), where a County employee took some YDSD clients' funds.

We are currently reviewing the program where the fraud occurred. As DCFS reported to your Board on June 23, 2011, we have confirmed that DCFS has revised its cash handling procedures to reduce the risk of future losses. We are continuing to work with DCFS to improve the new cash handling procedures, and ensure they are fully implemented.

Because of the number of YDSD programs, we plan to complete our review in phases, addressing each group of programs separately. We expect to complete our review of THP and similar housing programs as the first phase, and report back to your Board by September 15, 2011.

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

WLW:JLS:RGC:YK

c: William T Fujioka, Chief Executive Officer
Jackie Contreras, Ph.D., Acting Director, DCFS
Andrea Sheridan Ordin, County Counsel
Sachi A. Hamai, Executive Officer, Board of Supervisors
Audit Committee
Public Information Office