COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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August 27, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
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 YEAR 2011-12**

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 firm, Bazilio Cobb Associates, PC (BCA), to conduct the financial and compliance audits of 11 DPSS program service contracts that expired in Fiscal Year 2011-12. Payments to the 11 program service contractors totaled $46.9 million.

Review Summary

As indicated on the attached schedule, the audits disclosed that DPSS overpaid three contractors a total of $877. The overpayments resulted from the contractors' lack of appropriate documentation.

Review of Report

BCA discussed their reports with each contractor and DPSS. DPSS management indicates that the Department has collected all monies owed, totaling $877, from the three contractors (Pathways, Connections for Children, and Phoenix Houses of California).

Due to the 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 Smythe at (213) 253-0101 if you wish to review any of the reports.

WLW:RS:MP

Attachment

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

STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF DPSS PROGRAM CONTRACTS FISCAL YEAR 2011-12

	Agency Name	Amount Paid to Contractor	Amount Due to DPSS	Contract Name	Description of Services
1	Pathways	$3,248,601	$163	Stage One Child Care	Provides child care services to eligible CalWORKS participants that includes, but is not limited to, providing information materials and authorizing child care payments within a required timeline to child care providers.
2	Connections for Children	$1,315,261	$19		
3	Child Care Resource Center	$19,654,214			
4	Children's Home Society	$5,063,639			
5	City of Norwalk	$1,220,931			
6	Drew Child Development Corporation	$7,222,002			
7	International Institute of Los Angeles	$682,283			
8	Mexican American Opportunity Foundation	$6,292,167			
9	Phoenix Houses of California	$12,334	$695	CSBG	Provides residential drug treatment/mental health intervention program for women leaving prison/jail that includes referrals, medication management, advocacy, counseling, parenting skills and vocational training.
10	Los Amigos Research and Education Institute	$5,180			
11	Los Angeles County Office of Education (LACOE)	$2,186,224		GROW Program Support	Provides program support services for the GROW Program.
	Totals	**$46,902,836**	**$877**		