COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

October 12, 2004

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

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **DEPARTMENT OF COMMUNITY AND SENIOR SERVICES FISCAL YEAR 2003-2004 MONITORING OF DISPUTE RESOLUTION PROGRAM SERVICE PROVIDERS**

At the request of the Department of Community and Senior Services (DCSS or Department), we engaged Simpson & Simpson, Certified Public Accountants (Simpson), to conduct fiscal and program monitoring of the 16 contractors that provided dispute resolution services for DCSS for Fiscal Year 2003-04. For FY 2003-04, the Department allocated $3,228,139 in contract funds to 16 contractors to provide dispute resolution services.

REVIEW SUMMARY

Simpson completed its monitoring reviews and reported the findings for each service provider to the Department and to the respective service providers. During the reviews, Simpson noted the following:

- Eight (50%) of the 16 contractors did not properly record or document their required in-kind contributions (staffing or funding) totaling $76,409.

- Five (31%) of the 16 contractors billed $15,111 in expenditures that could not be supported with appropriate documentation.

- Two (13%) of 16 contractors spent $18,879 in discretionary expenditures that DCSS did not approve.

- Six (38%) of 16 contractors were not achieving their performance goals.

- Three (19%) of the 16 contractors submitted late funding requisitions and close out reports.

- One (6%) of the 16 contractors did not maintain documentation to support staff's Dispute Resolution Program training.

Attachment I is a summary of Simpson's significant findings by contractor.

REVIEW OF REPORT

Simpson made a total of 34 recommendations related to fiscal and contract compliance issues. DCSS indicated that they have resolved all recommendations with the service providers by adjusting the service provider's future invoice(s) by any disallowed costs or obtaining support for the expenditures. Simpson's management letter (Attachment II) did not note any issues related to CSS' administration of the Dispute Resolution Program. DCSS management will issue a detailed response within 30 days on the status of all recommendations which will include whether amounts were collected or whether documentation supporting the costs were received.

All reports were discussed with DCSS and the service providers. Because of the number of service providers, copies of individual reports are not enclosed, but are available for your review.

Please call me or have your staff call Don Chadwick at (626) 626-1102 if you wish to review any reports.

JTM:MMO:EB
Attachments

C: David E. Janssen, Chief Administrative Officer
Department of Community and Senior Services
Cynthia D. Banks, Chief Deputy
Ester Soriano, DRP Compliance Officer
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

Department of Community and Senior Services
Monitoring of Dispute Resolution Program Providers
Summary of Significant Findings

No.	Provider	No. Of Recommendations	Significant Findings		
			(a)	(b)	(c)
1	A. Milton Milner Fund dba Western Law Center for Disability Rights	2	$ 2,015		
2	Asian Pacific American Dispute Resolution Center	2		$ 5,694	
3	California Academy of Mediation Professionals	1		155	
4	California Lawyers for the Arts	2			
5	Center for Conflict Resolution	1			
6	City of Hawthorne / Centinela Valley Juvenile Diversion Program	2	3,114	1,642	
7	City of Norwalk Consumer-Rental Mediation Board	0			
8	Inland Valley Justice Center, Inc.	2			$ 1,440
9	Korean American Coalition	4	3,500	125	
10	Los Angeles County Bar Association, DRS, Inc.	1			
11	Los Angeles County CSS - Voluntary Mediation Services	4		4,860	17,439
12	Los Angeles County Department of Consumer Affairs	0			
13	Los Angeles Superior Court	2			
14	Loyola Law School, The Center for Conflict Resolution	6	357	576	
15	Martin Luther King Legacy Association, Dispute Resolution Center	4	6,125	**(1)**	
16	Office of the L.A. City Attorney, DRP	1		63,357	
	Total	**34**	**$ 15,111**	**$ 76,409**	**$ 18,879**

Footnotes

(a) Did not have supporting documentation for program expenditures

(b) Did not properly record or support in-kind services or costs for program year 2003-04

(c) Did not obtain prior CSS approval for discretionary expenses

(1) Simpson did not report a dollar value.

Attachment II

Simpson & Simpson

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In planning and performing our fiscal monitoring of the Dispute Resolution Program (DRP) service providers for the Department of Community and Senior Services (CSS) for the 2003-2004 program year, we noted no matters involving CSS' internal control structure relating to accounting and contract administration that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report DRP fiscal transactions.

However, the scope of our engagement was limited to monitoring DRP service providers and did not include considering and providing assurance on CSS' internal control structure. Such monitoring would not disclose all matters in CSS' internal control structure that might be reportable conditions under standards established by the American Institute of Certified Public Accountants.

This report is intended solely for the use of the County of Los Angeles.

Simpson & Simpson

Los Angeles, California
May 1, 2004