County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
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Director

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May 28, 2015

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Philip L. Browning
Director

BOYS REPUBLIC GROUP HOME FISCAL COMPLIANCE ASSESSMENT

The County of Los Angeles Department of Children and Family Services (DCFS) Contract Fiscal Compliance Section completed an on-site Fiscal Compliance Assessment of Boys Republic (the Group Home) in January 2015. The Group Home is a non-profit agency that is contracted to provide Foster Care Services.

SUMMARY

The Fiscal Compliance Assessment included a review of the agency's financial records such as, audited financial statements, bank statements, check register, and personnel files to determine the agency's compliance with the terms, conditions, and requirements of the Group Home Contract, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook) and other applicable federal, State, and County regulations and guidelines.

The Group Home was in full compliance with 5 of the 5 areas of the attached Fiscal Compliance Assessment: Financial Overview; Loans, Advances and Investments; Board of Directors and Business Influences; Cash/Expenditures; and Payroll and Personnel.

The Group Home did not have any Fiscal Compliance deficiencies.

REVIEW OF REPORT

On March 17, 2015, Omnaya Zaklama, DCFS Financial Specialist IV, held an exit conference with agency representatives, Chris Burns, Executive Director, and Betty Andrzejewski, Finance Manager. The agency representatives agreed with the review findings.

A copy of the Fiscal Compliance Assessment has been sent to the Auditor-Controller.

If you have any questions, your staff may contact Aldo Marin, Board Relations Manager, at (213) 351-5530.

PLB:EM
LTI:DLF

Attachment

c: Sachi A. Hamai, Interim Chief Executive Officer
John Naimo, Auditor-Controller
Chris Burns, Boys Republic
Jerry E. Powers, Chief Probation Officer
Public Information Office
Audit Committee
Sybil Brand Commission
Leonora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

BOYS REPUBLIC
FISCAL COMPLIANCE ASSESSMENT REVIEW
REVIEW PERIOD JULY 2014 - JUNE 2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of Boys Republic (Group Home) financial records for the period of July 1, 2013 through June 30, 2014. CAD reviewed the Agency's financial statements, bank statements, check register, and personnel files to determine the Agency's compliance with the terms, conditions, and requirements of their Group Home Contract, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook) and other applicable federal, State, and County regulations and guidelines.

The on-site Fiscal Compliance Assessment review focused on the following five key areas of internal controls:

- Financial Overview,
- Loans, Advances and Investments,
- Board of Directors and Business Influence,
- Cash/Expenditures, and
- Payroll and Personnel.

The Group Home was in full compliance with 5 of the 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans, Advances and Investments; Board of Directors and Business Influences; Cash/Expenditures; and Payroll and Personnel.

During the review, CAD determined that the Agency's Audited Financial Statements for Fiscal Year ending June 30, 2014, had an operational loss of $4,896,199. The Group Home has sufficient non-operational/unrestricted revenue streams and reserves to augment programs temporarily operating on a deficit, preserve programs that are providing valuable services, and grow the organization. As of June 30, 2014, the Group Home had Net Assets of $109,783,125. This substantial reserve allows the Group Home to operate at a deficit so that they are able to provide the programs and services that they feel are essential in assisting the youth they serve with developing the skills necessary to return to the community as productive citizens.

MOST RECENT FISCAL REVIEW CONDUCTED BY THE AUDITOR-CONTROLLER

The most recent fiscal review of the Group Home was posted by the Auditor-Controller on November 27, 2007.

NEXT FISCAL COMPLIANCE ASSESSMENT

The next Fiscal Compliance Assessment of the Group Home will be conducted in County Fiscal Year 2015-16.