



Los Angeles County AUDIT COMMITTEE

Louisa Ollague, Chair
1st District
Brence Culp, Vice Chair
3rd District
Clinton Tatum
2nd District
Rick Velasquez
4th District
Angela Mazzie
5th District

AUDIT COMMITTEE MEETING MINUTES March 18, 2004

Chairperson Louisa Ollague called the meeting to order at 1:34 p.m. in the Conference Room of Room 525 at the Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, First District
Brence Culp, Third District
Angela Mazzie, Fifth District

Committee Members Absent

Clinton Tatum, Second District
Rick Velasquez, Fourth District

Others in Attendance

Angela Carter, Department of Children and Family Services
Joan Smith, Department of Children and Family Services
Sue Harper, Department of Children and Family Services
Brian Mahan, Chief Administrative Office
DeWitt Roberts, Auditor-Controller
Russ Lingo, Auditor-Controller
Martha Littlefield, Executive Office
Ken Wales, Executive Office

Approval of Minutes

On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved the February 19, 2004 minutes.

Old Business

Sheriff Budget Audit Final Report: Auditor-Controller anticipates receiving the final report by the end of the month. **This item is continued to the April 15, 2004 meeting.**

Economic and Employment Development Center Contract Review. The contracts will expire June 30, 2004. The Department of Community and Senior Services will be responsible for disallowed costs and Auditor Controller will continue to monitor. **On motion of Brence Culp, seconded by Louisa Ollague, the Committee unanimously approved receiving and filing the report.**

Reports to be Received and Filed

Fraud Hotline Status Report. During the 4th quarter of 2003, opened 163 new investigations, closed 128 of which 31 were substantiated, 56 were not and 41 were not investigated due to insufficient information. As of 12/31/03, 291 investigations were in progress. **At the Fifth District's request, the CAO will discuss with the Auditor-Controller the possibility of budgeting additional fraud hotline staff.**

Aqua Dulce Mello-Roos Audit – Follow Up (Community Facilities District No. 6).

January 7, 2004 audit report follow up reviewed residents' concerns of Sierra Colony Ranch and Sierra Paloma Valley Mutual Water Company management. The Auditor-Controller identified advances to be returned and assigned to the Community Facilities

District to pay down the principal of the bond. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Crystal Stairs, Inc. Contract Review. Contract compliance review the CalWORKs Stage 1 child care service provider assisting parents in locating child care services determined it provides the services outlined in its contract with a minor change. Management agreed with the finding and will submit a corrective action plan including a timeframe to implement the recommendation. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Audit of the Los Angeles County Regional Park and Open Space District for the Year Ended June 30, 2003. Conrad and Associates, L.L.P. report noted no material weaknesses in internal controls over financial reporting and its operation. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Aviva Family and Children’s Services: Annenberg Center, Graduate House, and Milken Diagnostic Center. Review verified the homes provided services outlined in their program statements. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report –Trinity Children Family Services – Norco. Review verified the home provided services outlined in its program statement with some adjustments recommended. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Drice House, Inc., Children’s Group Homes: Drice House and Peanuts Group Home Facilities. Review verified services were provided as outlined in the program statement. However, each home needs to make several repairs to its facilities. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Leroy Haynes Center for Children & Family Services, Inc., Leroy Boys Home. Review of the 72 bed facility verified services were provided as outlined in the program statement with improvements in various areas needed. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Hollygrove Group Home Facility. Review of the 68 bed facility verified the facility provided services outlined in the program statement with some recommendations. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Hillside Home for Children, Main Campus, Boys Satellite, and Girls Satellite Facilities. Review verified the homes provided the services outlined in the program statement. However, one agency needs improvement in various areas. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Linden Center, Gardner and Keniston Houses. Review verified the two homes provided the services outlined in the program statements. However, improvements are needed in various areas. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Aziza Group Home. Review verified the home provided the services outlined in the program statement, however, improvements and repairs are needed in various areas. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – The Salvation Army – The Way In. Review verified the home provided the services outlined in the program statement. However, substantial repairs to the facility are needed. The Auditor-Controller recommended counseling staff regarding interaction with residents; establishing grievance/complaint procedures; informing residents of their right to refuse medication; and documenting monthly clothing purchases. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Department of Children and Family Services – 2002-03 California Department of Education Child Care Grant Audit. The annual audit of the Child Care Grant Agreement with the State of California Department of Education, performed by Simpson & Simpson, CPA's, disclosed no reportable instances of noncompliance and that DCFS child development programs complied in all material respects. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

City of Norwalk Contract Review. Contract compliance review of the CalWORKs Stage 1 Child Care service contractor determined it is providing the service outlined in its contract, maintains documentation to support services billed, employs the appropriate number of staff and is achieving its planned service levels. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Turmont Home for Boys/Girls – Turmont Home for Girls. Review of the group home determined it was providing the services outlined in its program statement. However, substantial repairs are needed at the facility. The agency agreed to provide DCFS with a written corrective action plan within fifteen business days of receipt of this report. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Reports – A-W Friendship Homes Inc., Zenith Youth Homes Sites 1, 2, and 3. Review of three agencies determined they were providing the services outlined in their program statements, but various areas for improvement were needed. The agency agreed to provide a written corrective action plan within fifteen business days of receipt of the report. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved to receive and file the report.**

Ramona Elementary School After-School Enrichment Program Contract Review. Compliance review of the Los Angeles County Office of Education subcontractor determined it is providing the services outlined in its County Contract. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Implementation Report on Auditor-Controller's Review of Monthly Collection and Distribution Reports – Child Support Services Department. The December 10, 2003 Auditor-Controller report contained six recommendations which were implemented or are in the process of being implemented. A corrective action plan is due to the Board within 60 days. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Sheriff's Department Response to "Review of Controls over Portable Equipment" Audit Report. LASD agrees with the four recommendations made concerning portable equipment controls in the October 31, 2003 audit report and has developed specific action plans to enhance controls. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Reports Received

Survey of the County Contractors that have the Authority to Authorize County Payments – Status Reports. On January 6, 2004, the Board of Supervisors directed the Auditor-Controller to report on the status of contractors that have the ability to authorize and approve County warrants. DPSS has one program contract expiring June 30, 2004 and will not be renewed and DPSS assumed the responsibility for authorizing payments in the second program. DPW contracts with an outside financial organization that reviews the invoices and remits them to DWP to review them before scheduling online vendor payments. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Sheriff's Department Contracting Status Report – February 2004. In 2002, the Board of Supervisors accepted the CAO's recommendation to allow the Sheriff's Department to continue to perform its own contracting and purchasing functions with the assistance of the Internal Service Department and the Auditor-Controller. The Sheriff is implementing the corrective action plan to improve its contracting and purchasing operations to bring the Department into compliance with County's contracting/procurement policies. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Sunset Review for the Los Angeles County Risk Management Advisory Committee. The Auditor-Controller recommends extending the sunset review date March 31, 2007. **This item was continued to the April 15, 2004 meeting.**

Department of Public Social Services (DPSS) – Los Angeles Eligibility Automated Determination, Evaluation and Reporting (LEADER) System: Benefit Recovery Sub-System Review. Review determined LEADER helped DPSS to better track and manage overpayments. However, certain findings resulted in some recommendations. DPSS agreed with the recommendations and has implemented some of the recommendations. **This item was continued to the April 15, 2004 meeting.**

Olive View Medical Center Procurement Follow Up Review. Follow up of February 5, 2002 review determined that of the 22 recommendations made 12 were implemented, 7 were partially implemented and 3 have not been implemented. Violations of the County's purchasing rules continue by the staff. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved requiring a written response by April 8, 2004 and attendance by the Administrator to the April 15, 2004 meeting.**

Group Home Program Monitoring Report – Trinity Children and Family Services, Trinity-Whitewater. Review of the 120 bed group home determined it is not in compliance with contract requirements. The agency's management will provide Probation with a written corrective action plan within fifteen business days of receipt of report. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved requesting a status report on the corrective action plan on the recommendations and how the Department monitors other providers.**

Other Business

Discussion with Department of Children and Family Services Representatives regarding Group Homes and Foster Family Agencies. Department representatives Angela Carter, Joan Smith and Sue Harper provided material listing the status of action items from previous reports. Clarification and additional information on certain practices were requested by the Committee. **On motion of Louisa Ollague, seconded by Angela Mazzie, the Committee unanimously requested DCFS and the Auditor-Controller work together to provide a more detailed report including how Sycamore, 5 Acres and Olive Crest were resolved, providing more information on TTC referrals, what is done when payments are not received and providing information on corrective action plans including reasons for accepting questioned costs.**

Audit Committee Correspondence Requiring Response. Russ Lingo discussed the responses received from DHS, DPSS and DCSS. Auditor-Controller is awaiting responses from DMH and the Sheriff, and will provide a list for the next meeting of the departments that have not responded.

Public Comments

There were none.

Matters not on the posted agenda to be presented and placed on the agenda of a future meeting.

There were none.

Adjournment

There being no further business to conduct, the meeting was adjourned at 2:12 p.m.

