



Los Angeles County AUDIT COMMITTEE

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

AUDIT COMMITTEE

MEETING MINUTES

October 16, 2003

Chairperson Clinton Tatum called the meeting to order at 1:07 p.m. in the Conference Room of Room 525 at the Kenneth Hahn Hall of Administration.

Committee Members Present

Clinton Tatum, Second District
Louisa Ollague, First District
Brence Culp, Third District
Angela Mazzie, Fifth District

Committee Members Absent

Sheri Sakamoto, Fourth District

Others in Attendance

Susan Kerr, Chief Deputy, Department of Mental Health
Patrick McMahon, Auditor-Controller
DeWitt Roberts, 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 September 18, 2003 minutes.

Old Business

Department of Mental Health Fiscal Review. The review disclosed areas for improvement in financial operations. Susan Kerr provided an update on the Department's implementation of the Auditor-Controller's recommendations. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Reports to be Received and Filed

Reports on the Audit of the County Treasury. Audit of the County Treasury as of 12/31/02 examined records relative to the amount and type of assets in the treasury; internal controls and compliance of financial reporting of the treasury pool for a six month period ending 12/31/02 were reviewed. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

La Vina Mellos-Roos Audit – Community Facilities District No. 7: Follow Up. Follow up to the July 9, 2003 Auditor-Controller report noted the Department of Public Works did not have adequate monitoring mechanisms or procedures in place to review and monitor expenditures the developer submitted for reimbursement. After the initial audit, DWP elected to amend the Funding and Acquisition Agreement to specifically list the legal and Community Facilities District management fees and costs which were properly reimbursed and allow the developer to offset the amount. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Chief Administrative Office Service Integration Branch Review. The Auditor-Controller evaluated the effectiveness the Branch after one year of implementation and found the Branch continues to make progress in achieving a commitment confirming appropriate measures and developing automated processes to support the collection, tabulation, analysis and review of key performance data. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Sample Audit of County Conditions on Land Development Projects – Status Report. The Board of Supervisors instructed the Auditor-Controller in conjunction with the Chief Administrative Officer to report on the implementation status for a sample of other County land development projects. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Reports Received

Group Home Program Monitoring Report – Affirmative Action Development Center. Review verified the Center is providing the services outlined in the program statement with some exceptions. The Center's management will provide DCFS with a written corrective action plan. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved sending a letter to the Department requesting a response to the Committee inquiry regarding FFAs from the July 17, 2003 meeting and asking the Director to attend the November 20, 2003 meeting.**

Department of Community and Senior Services: Fiscal Year 2002-03 Monitoring of Dispute Resolution Program Service Providers. Simpson & Simpson, Certified Public Accountants was engaged to conduct fiscal and program monitoring of 17 contractors that provided dispute resolution services for Department of Community and Senior Services during fiscal year 2002-03 and to conduct a year-end review of fiscal year 2001-02 financial activities. Simpson did not note any reportable conditions related to DCSS' administration of the Program. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved sending a letter to Department of Community and Senior Services requesting information on the action taken to correct the questionable costs.**

Department of Children and Family Services – Independent Living Program: Expenditure and Payment Processing Review. Review of the Independent Living Program's policies and procedures and internal controls regarding the approval and disbursement of program funds found DCFS did not maintain sufficient administrative controls over program funds; ILP's policy and procedures did not adequately define the eligibility and distribution guidelines for ILP benefits which resulted in broad interpretation by staff and unequal treatment of youth with the same or similar circumstances. DCFS agreed with the findings and has taken actions to correct issues identified in the report. DCFS worked with Auditor-Controller staff to establish appropriate expenditure documentation guidelines and will respond to the Board of Supervisors within 60 days of this report. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Reports – Pennacle Foundation, Inc., Carson Street Boys, Corning Avenue Girls, and Little Wings Girls Facilities. Review of three group homes noted various areas where improvements are needed. The Foundation's management will provide DCFS with a corrective action plan. **On motion of Angela Mazzie, seconded by Brencce Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Reports – Ettie Lee Homes, Inc., Oak Knolls Home and Waterflow Ranch. Review of two group homes noted a few areas where improvement is needed. Ettie Lee's management will provide DCFS with a written corrective action plan. **On motion of Angela Mazzie, seconded by Brencce Culp, the Committee unanimously approved receiving and filing this report.**

Fiscal Review of Kedren Community Mental Health Center – A Mental Health Services Contractor. Review evaluated the Center's contract compliance and funds spent in providing services to clients. Deficiencies in the use of and accounting for funds were noted and two key allegations made by the former CFO were substantiated. **On motion of Brencce Culp, seconded by Clinton Tatum, the Committee unanimously approved sending a letter to the Department of Mental Health reinforcing the need to comply with the Auditor-Controller's requests.**

Department of Community and Senior Services: Fiscal Year 2002-03 Fiscal Monitoring of Domestic Violence Program Service Providers. Simpson & Simpson, Certified Public Accountants was engaged to conduct fiscal monitoring of 42 contractors providing domestic violence services for DCSS. Simpson noted significant findings. **On motion of Angela Mazzie, seconded by Clinton Tatum, the Committee unanimously approved sending a letter to the Department of Community and Senior Services requesting the Department reply within 60 days of the audit and verify if the Department had collected the funds.**

Group Home Program Monitoring Report – New Dawn, Walnut and Chino Facilities. Review of the two homes verified that both homes were providing the services outlined in their program statements with a few areas noted for improvement. New Dawn's management will provide DCFS with a written corrective action plan. **On motion of Angela Mazzie, seconded by Brencce Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Orange County Children's Foundation/Harbor City Children's Foundation's Four Sites – Placentia Group Home, Fullerton Group Home, Emancipation Institute, and Carson Facilities. Review of four group homes verified all four group homes were providing the services outlined in their program statements however two homes need to improve their needs and services plans. The Foundation's management will provide DCFS with a written corrective action plan. **On motion of Angela Mazzie, seconded by Brencce Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – House of Bethesda. Review noted several areas Bethesda was not in compliance with its program statement. Bethesda's management agreed to provide DCFS with a written corrective plan. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Community Youth Sports and Arts Foundation. Review found some exceptions and the Foundation's management plans to provide the Department with a written corrective action plan. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Frances Foundation, Inc., Kingsley Drive and Venice Blvd. Sites. The agencies' management will provide DCFS with a written corrective action plan. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Devereux Foundation, California, Santa Barbara Children's Group Homes. Review verified some minor exceptions in services provided as outlined in Devereux's program statement. Devereux's management will provide DCFS with a written corrective action plan. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Foundation for the Junior Blind, Children's Residential Program. Review verified services were provided as outlined in the Foundation's program statement. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Ladora's Family Services. Review verified services were provided as outlined in Ladora's program statement. **On motion of Angela Mazzie, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Review of Mid-San Gabriel Valley Consortium's Financial Transactions. In November 2002, the Department of Community and Senior Services terminated its contract with the Consortium due to financial management issues and Edwards, Eichel & Beranek, Certified Public Accountants was engaged to review the Consortium's financial transactions. Based on the report, the Auditor-Controller recommended the Department review payroll information recently released, determine if transfers to payroll contractors were valid, confirm the amounts owed by Consortium to vendors are valid, and consult with County Counsel regarding the County's responsibilities to Consortium's vendor liabilities. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved sending a letter requesting the Department respond to the recommendations within 60 days of the date of the completed audit review.**

Executive Office Fiscal Audit. The Auditor-Controller reviewed the fiscal operations of the Department and is working with the Department to develop acceptable alternatives to meet the intent of the recommendations. **On motion of Clinton Tatum, seconded by Brencé Culp, the Committee unanimously approved sending a letter requesting a status report on the implementation of the remaining recommendations within 90 days of the audit review.**

Proposed Audit Plan. The Auditor-Controller submitted its proposed assignment for the Committee's input of *Planned Audits – Formal Mandates, Planned Audits – Non-Mandates* and *Unplanned Audits* for Fiscal Year 2003-04. **On motion of Brencé Culp, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Other

There was none.

Public Comment

There was none.

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

There was none.

Adjournment

There being no further business to conduct, the meeting was adjourned at 2:00 p.m.