



**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE**

**KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, May 19, 2011

10:30 AM

Present: Vice Chair Chough Member Ollague, and Member Jordan

Excused: Chair Glasgow and Member Gallucci

Call to Order (11-1840)

The meeting was called to order by Vice Chair Genie Chough at 10:34 a.m.

I. ADMINISTRATIVE MATTERS

1. Recommendation to approve the April 21, 2011 meeting minutes. (11-2141)

On motion of Genie Chough, seconded by Louisa Ollague, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

2. Recommendation to approved extension of the sunset review date for Board Policy No. 3.030 - Inclusion of Translation Service Telephone Numbers in all Public Notices (4/15/11). (11-2311)

On motion of Genie Chough, seconded by Louisa Ollague, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

3. Update and Request for Extension to Submit Revisions due to substantive changes to Board Policy No. 3.095 - City Annexations and Spheres of Influence. (11-2150)

On motion of Genie Chough, seconded by Louisa Ollague, this item was continued to July 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

III. SUNSET REVIEWS

4. Recommendation to approve request to the Board of Supervisors to extend the Sunset Review Date for the Los Angeles County Beach Commission (5/4/11). (11-2183)

On motion of Genie Chough, seconded by Louisa Ollague, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

5. Recommendation to approve request to the Board of Supervisors to extend the Sunset Review date for the Los Angeles County Real Estate Management Commission (5/11/11). (11-2309)

By common consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

6. Recommendation to approve request to the Board of Supervisors to extend the Sunset Review for the Los Angeles County Small Craft Harbor Commission (5/11/11). (11-2310)

By common consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

IV. OLD BUSINESS

7. Department of Parks and Recreation - Audits of Golf Course and Recreation Area Revenue Agreements (2/11/11 and 3/14/11) (Continued from meetings of 2/17/11, 3/17/11 and 4/21/11). (11-0854)

Russ Guiney, Director of Parks and Recreation (DPR) and Kandy Hays, Contract Unit Manager, responded to questions posed by the Committee and Park Deputies; Teresa Villegas, Karly Katona and Maria Chong-Castillo.

Ms. Hays reported the following:

Of the nine audits, one concession operator at Bonelli Park Equestrian Center and one at La Mirada Tennis Center had records that were unable to be audited, these two have been resolicited and RFPs and new contracts were awarded.

DPR is in the process of developing new contract language made up of two components; 1) imposition of a penalty if their records are unable to be audited and 2) if the records are audited and it is found that money is owed to the County, a penalty will be assessed in addition to the money owed. A-C is in the process of reviewing the language and County Counsel will finalize. In addition, nine contracts are in the process of being amended for the CEO Contract Extension Exercise and the new language will be included in these amendments and in any new RFPs issued.

DPR is currently amending four cell towers, Bonelli Hot Tubs at Bonelli Park, and six golf courses, a list containing all concessioners with new contract language will be forwarded to deputies. Contract language includes penalty language that maybe anywhere from \$100 to 2%, however discussions have begun to consider possibly a 10% penalty fee the year audited rather than one \$50 fee.

The amount of funds generated varies depending on contract language. It may be the percentage of gross receipts and whether capital projects include a cost of living increase. CPIs are added to contracts for the golf courses.

Don Chadwick confirmed contractors can be added to the CARD Database for reference. Ms. Hayes added, references are checked as part of the solicitation process and would not score high enough if the references did not provide positive feedback.

The Committee recommended DPR communicate with Beaches and Harbors to discuss best practices.

After discussion, on motion of Dorinne Jordan, seconded by Louisa Ollague, DPR was asked to report back with the following:

- A list of all concessioners with new contract language;
- Spreadsheet that includes questioned costs, amounts recouped and clarity on status of corrective action plans; and
- Include language that assesses a large penalty aimed at situations when they are unable to determine the amount due to the County, this amount should be large enough to provide incentive so that people do not purposefully keep their records or runaway.

Attachments: [SUPPORTING DOCUMENT](#)
[SUPPORTING DOCUMENT](#)

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8. Los Angeles Urban League - Pomona Contract Review - A Community and Senior Services Workforce Investment Act Program Provider (3/17/11) (Continued from meeting of 4/21/11). (11-1349)
On motion of Genie Chough, seconded by Louisa Ollague, this item was continued to July 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

9. International Institute of Los Angeles Contract Review - A Department of Public Social Services Refugee Employment Program Provider (4/12/11) (Continued from meeting of 4/21/11). (11-1879)

On motion of Louisa Ollague, seconded by Genie Chough, this item was continued to July 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

10. Department of Parks and Recreation Revenue Agreement Audits (4/14/11) (Continued from meeting of 4/21/11). (11-1900)

This matter was discussed under Agenda No. #7, no additional report was given.

Attachments: [SUPPORTING DOCUMENT](#)

V. REPORTS

11. Managed Career Solutions, Inc. - West San Gabriel Valley Contract Review - A Community And Senior Services Workforce Investment Act Program Provider (4/15/11). (11-2144)

On motion of Genie Chough, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. Status of Contract Management Reporting in eCAPS (4/18/11). (11-2148)

On motion of Genie Chough, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

13. Los Angeles Urban League - South Central Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2009-10 (4/19/11). (11-2149)

On motion of Genie Chough, seconded by Louisa Ollague, this item was continued to July 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

14. Status Report - Request for Extension for Review of Compensation Policies of County-Contracted Nonprofit Organizations (Board Agenda Item 4, March 15, 2011) (4/25/11). (11-2284)

This matter was discussed under Agenda No. #24, no additional report was given.

Attachments: [SUPPORTING DOCUMENT](#)

15. Fraud Hotline Status Report - July 1, 2010 through December 31, 2010 (4/28/11). (11-2151)

On motion of Genie Chough, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

16. Department of Health Services - Martin Luther King, Jr. Multi-Service Ambulatory Care Center Payroll/Personnel Review (5/9/11). (11-2287)

On motion of Louisa Ollague, seconded by Genie Chough, this item was taken off calendar and referred to the Health Deputes.

Attachments: [SUPPORTING DOCUMENT](#)

17. Review of the County Treasurer's Statement of Net Assets for the Quarter Ended September 30, 2010 (5/11/11). (11-2308)

On motion of Genie Chough, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

18. Bienestar Human Services, Inc., Contract Review - A Department of Public Health HIV/AIDS Care and Prevention Services Provider - Fiscal Review (5/12/11). (11-2313)

Louisa Ollague asked for the amount of money collected and any outstanding fees for both Agenda Nos. 18 and 19. Don Chadwick, A-C will forward the requested information to the Committee prior to the next meeting.

On motion of Louisa Ollague, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

19. Special Service for Groups - A Department of Public Health HIV/AIDS Care and Prevention Services Provider - Fiscal Review (5/12/11). (11-2314)

This report was discussed with Agenda No. 18, no further information was given.

Attachments: [SUPPORTING DOCUMENT](#)

20. Prototypes, Center for Innovation in Health, Mental Health and Social Services - A Department of Public Health HIV/AIDS Care and Prevention Services Provider - Fiscal Review (5/12/11). (11-2364)

On motion of Louisa Ollague, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

21. Extension Request for our Final Status Report on the Contractor Alert Reporting Database (Board Agenda Item 26-C April 27 2010) (5/13/11). (11-2365)

Aggie Alonso reported presentations have been made for Board Deputies and the Countywide Contracting Network. Informational trainings have been provided and four more half day sessions are scheduled in June. Positive feedback was received and concerns regarding lawsuits were addressed. In addition, fact sheets were provided and Deputies were encouraged to address concerns with Budget Deputies.

On motion of Genie Chough, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

VI. DISCUSSIONS

22. Fiscal Year 2010-2011 Cash Flow Projection. (11-1350)

John Naimo reported an improvement of \$153 million due to increased payments in property taxes and state revenue such as the realignment sales tax and the public safety sales tax. A cash savings has also been reported in salaries and benefits. The year-end projection has been upgraded by \$200 million for next fiscal year and continues to project a negative forecast for the end of the year, however it will be less negative than anticipated.

Attachments: [SUPPORTING DOCUMENT](#)

23. Status of Board Policy to Require Specific County Contract Language (1/11/11). (11-0395)

Don Chadwick, A-C suggested moving forward with the policy as it relates to fixed fee contracts and once the executive compensation issue is resolved the board policy would then be amended to include the provision.

By common consent, there being no objection, this item was continued to July 21, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

24. Agency Executive Compensation (11-2306)

Jim Schneiderman and Jesse Urbano, A-C provided a brief summary of the agency executive compensation evaluation and responded to questions posed by the Committee and Health Deputy Elan Shultz.

The A-C was instructed by Board Order to review compensation policies for sample of County-contracted nonprofit organizations, similar to AltaMed, make recommendations to address compensation, overhead and other issues related to these organizations, and address incorporating federal guidelines in future County contracts. Financial data was obtained from a sample of 63 nonprofits that contract with DHS, DPH, DMH, including AltaMed. The A-C submitted charts containing comparisons of CEO Total Compensation, Annual County Contracts, Indirect Cost Rate and Operating Revenue.

Discussion ensued on how to set a standard and possibly require agencies to disclose CEO salary, cost revenue and total revenue, similar to the IRS to decide if the salary is reasonable. Mr. Schneiderman stated gathering more information, understanding the breakdown of the expenses, and the business structure on each individual business based on the size of the business. Also a better understanding of pay salary, bonuses and overhead cost is required allowing a more informed recommendation to the Board.

Mr. Schneiderman will submit a new chart identifying the various contracts, name each entity, and provide the total revenue for each. By common consent, there being no objection this item was received and filed.

25. CSS Monitoring Update (11-2307)

By common consent, there being no objection, this item was continued to July 21, 2011.

26. Pending Audits/Monitoring Reports (11-1180)

There was no report given.

VII. MISCELLANEOUS

27. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (11-2192)

There were none.

28. Public Comment (11-1182)

No members of the public addressed the Committee.

29. Adjournment (11-1839)

By common consent, there being no objection, the Committee canceled the June 16, 2011 meeting.

There being no further business to conduct, the meeting was adjourned at 11:50 a.m.