



**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE AUDIT COMMITTEE
OF THE COUNTY OF LOS ANGELES HELD IN ROOM 525
OF THE KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012**

**Thursday, January 20, 2011
10:30 AM**

Present: Chair Louisa Ollague, Vice Chair Lori Glasgow, Member Dorinne Jordan and Member Genie Chough

Absent: Member Carl Gallucci

Call To Order (11-0526)

Louisa Ollague called the meeting to order at 10:36 a.m.

I. ADMINISTRATIVE MATTERS

1. Recommendation to approve the November 18, 2010 meeting minutes. (10-3074)

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

Attachments: [SUPPORTING DOCUMENT](#)

2. Reorganization of Audit Committee (10-3117)

By Common Consent, there being no objection, the Committee tabled this matter for discussion later in the meeting.

Later in the meeting, on motion of Louisa Ollague, seconded by Genie Chough, Lori Glasgow was elected Chair.

On motion of Lori Glasgow, seconded by Dorinne Jordan, Genie Chough was elected Vice Chair.

II. BOARD POLICIES

3. Recommendation to approve amendments and extension of the sunset review date for Board Policy No. 3.045 - Energy and Environmental Policy (10/25/10) (Continued from meeting of 11/18/10 and 1/20/11). (10-2609)

By Common Consent, there being no objection this item was continued to February 17, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

4. Recommendation to approve extension of the sunset review date for Board Policy No. 3.130 - Media Offices In County Buildings (12/6/10). (10-3081)

Susan Herman, Chief Executive Office reported this policy facilitates communications with the media and opportunities for interviews.

By Common Consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

5. Recommendation to approve extension of the sunset review date for Board Policy No. 7.030 - Coordination Of County Legislative Positions In Sacramento And Washington (12/8/10). (10-3113)

By Common Consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

6. Recommendation to approve amendments and extension of the sunset review date for Board Policy No. 3.060 - Non-Discrimination On The Basis Of Disability (12/13/10) (Continued from meeting of 1/20/11). (10-3111)

By Common Consent, there being no objection this item was continued to February 17, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

7. Recommendation to formalize or sunset Board Policy No. 5.120 - Authority to Approve Increases to Board Approved Contract Amounts (12/22/10) (Continued from meeting of 1/20/11). (11-0184)

Frank Cheng, Chief Executive Office reported since the implementation of the new County organizational in 2007, Board contracts are reviewed by CEO and it is the recommendation of the CEO that this policy is no longer necessary. Budget analysts were instructed that contracts with contingency increases are not to exceed ten percent. Budget Deputies will be notified in advance of board letter submittal of any increase over ten percent.

After discussion, by Common Consent, there being no objection this item was continued to February 17, 2011 with the following recommendations:

- Include date on memo and date instructions given to CEO budget analysts; and**
- Provide option to formalize policy or sunset it.**

Attachments: [SUPPORTING DOCUMENT](#)

8. Recommendation to approve amendments and extension of the sunset review date for Board Policy No. 5.040 - Contractor Performance Evaluation (12/22/10) (Continued from meeting of 1/20/11). (11-0212)

Luci Gutierrez, Internal Services Department, reported they are participating in a taskforce that is in the process of developing a contract database. The taskforce will be meeting in March and the findings may impact this policy.

After discussion, by Common Consent, there being no objection, this item was continued to March 17, 2011 with the following recommendations:

- Report back on the findings of the Taskforce;**
- Use the strikethrough/underline method to illustrate amendments to the policy; and**
- Amend the sunset review date to December 14, 2013.**

Attachments: [SUPPORTING DOCUMENT](#)

9. Recommendation to approve extension of the sunset review date for Board Policy No. 3.015 - Credit/Debit Card Payment Acceptance Policy (12/28/10). (11-0213)

By Common Consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

10. Recommendation to approve amendments and extension of the sunset review date for Board Policy No. 3.046 - Water Recycling Policy (12/28/10). (11-0246)

By Common Consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

11. Recommendation to approve extension of the sunset review date for Board Policy No. 3.120 - Departmental Conflict of Interest and Disclosure Codes (1/5/11). (11-0378)

By Common Consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

III. SUNSET REVIEWS

12. Recommendation to approve request to the Board of Supervisors to extend the Sunset Review Date for the Los Angeles County Small Business Commission to June 30, 2010 (12/14/10). (10-3114)

Lori Glasgow noted the extension date on the agenda was incorrect. By Common Consent, there being no objection, this item was approved with a sunset review date of June 30, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

13. Recommendation to approve request to the Board of Supervisors to extend the Sunset Review for the Los Angeles County Highway Safety Commission to October 31, 2013 (12/22/10). (10-3068)

By Common Consent, there being no objection, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS TO BE RECEIVED AND FILED

14. Clontarf Manor, Inc. Contract Compliance Review - A Department of Mental Health Service Provider (2/26/10) (Continued from meetings of 3/18/10, 5/20/10, 6/17/10, 8/19/10, 10/21/10 and 11/18/10) (10-2592)

Judith Weigand Miller, Department of Mental Health reported upon completion of Clontarf's revised cost report analysis, it was determined that the agency continues to overcharge the department. She plans to consult with programmers to confirm some of the amounts submitted. A meeting is scheduled with County Counsel on January 24, 2011 to discuss recommendations for course of action.

Louisa Ollague suggested executing an aggressive plan to the County's request. Committee members will discuss with department representatives available options. Lori Glasgow requested DMH to provide the rating of Clontarf's Board and Care at the next meeting.

By Common Consent, there being no objection this item was continued to February 17, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

15. Valley Community Clinic Contract Review - A Department of Public Health HIV/AIDS Care and Prevention Services Provider (9/1/10) (Continued from meetings of 10/21/10 and 11/18/10) (10-2597)

Don Chadwick, Auditor-Controller's Office reported DPH was not receiving a response from the contractor and therefore withheld payment. They have since responded and submitted a cap and is now reviewing the cap and working with the contractor to incorporate the changes and setup a repayment plan.

Attachments: [SUPPORTING DOCUMENT](#)

16. Probation Department - Procurement Review (Phase 1) (9/28/10) (Continued from meetings of 10/21/10 and 11/18/10) (10-2602)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. Proposed Fiscal Year 2010-2011 Audit Plan (10/15/10) (Continued from meetings of 10/21/10 and 11/18/10) (10-2606)

Jim Schneiderman, Auditor-Controller's Office, provided an update of the proposed fiscal year 2010-11 Audit Plan. He explained that Information Technology (IT) Governance review is necessary, by internal audit standards to provide appropriate control, delegation and authority of IT projects within the County. He also provided an overview of audits for Countywide Cell Phone Review, GAIN Financial Analysis, and Sativa.

Following discussion, by Common Consent, there being no objection, this item was continued to February 17, 2011.

Attachments: [SUPPORTING DOCUMENT](#)

18. Department of Health Services Martin Luther King, Jr. Multi-Service Ambulatory Care Center South/West Cluster - Review of Trust Funds, Revolving Funds, Commitments and Accounts Payable (11/1/10) (Continued from meeting of 11/18/10) (10-2623)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

19. Treasurer's November 9, 2010 Cash Count (11/22/10) (10-3056)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

20. Department of Health Services - Harbor-UCLA Medical Center Payroll/Personnel Review (11/23/10) (10-3061)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

21. Department of Coroner Skeletons in the Closet Gift Shop - Follow-Up Review of Recommendations in the May 6, 2002 Fiscal Review Report (12/1/10) (10-3071)

James Hazlett, Chief Executive Office provided a brief overview of the program.

After discussion, by Common Consent, there being no objection, this item was received and filed with an amendment to Recommendation 61 requiring Department Head approval for giving gifts of Skeletons merchandise.

Attachments: [SUPPORTING DOCUMENT](#)

22. The Resources Company's Evidence-Based Practices Training Final Status Report - 1-1-2010 to 6-30-2010 (12/2/10) (10-3072)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

23. Armenian Relief Society Contract Review - A Department of Public Social Services Refugee Employment Program Provider (12/2/10) (10-3073)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

24. Catholic Charities of Los Angeles, Inc. Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2009-10 (12/17/10) (11-0126)

Jackie Sakane, Community and Senior Services reported the Auditor-Controller's Office issued their audit report on December 17, 2010. A letter was sent to the agency on January 19, 2011. Due to their repeat findings they have until next Thursday to submit their cap. If accepted, it will be forwarded to Contract Monitoring for a follow-up validation within six months. If not resolved they are immediately suspended.

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

25. Measure B Special Tax Revenue Fund For Trauma Centers, Emergency Medical Services And Bioterrorism Response (12/21/10) (11-0149)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

26. Department of Children and Family Services - Cellular Phone Review (12/21/10) (11-0127)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

27. Final Report on Probation Department's Staff Accountability and Position/Item Control (12/22/10) (11-0180)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

28. Rainbow Bridge Community Services Contracts Review - A Department of Public Health HIV/AIDS Care and Prevention Services Provider (12/22/10) (10-3067)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

29. County Employee Union Activities (12/23/10) (11-0187)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

30. City of Bell Financial Condition Review (1/6/11) (11-0327)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

31. Audit of the Los Angeles County Regional Park and Open Space District for the year ended June 30, 2010 (1/11/11) (11-0389)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

32. LAC+USC Healthcare Network - Review of Trust Funds, Revolving Funds, Commitments and Accounts Payable (1/13/11) (11-0443)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

33. Department of Health Services Martin Luther King, Jr. Multi-Service Ambulatory Care Center Procurement Review (1/14/11) (11-0456)

By Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

IV. DISCUSSION ITEMS

34. Fiscal Year 2010-2011 Cash Flow Projection (1/13/11) (10-3077)

John Naimo, Auditor-Controller reported projections are tracking with originally forecast and looking forward has projected a slight negative cash balance of \$82 million. In the next couple of months Auditor's will reforecast upward. DMH started slowly but has picked up momentum and was in the positive last month. DHS cash flow for waiver extension is being worked out. Other revenues such as sales and property taxes are in line with the budget and hopes to end in positive however not ready to officially report it.

After discussion, Mr. Naimo was asked to report back via email on the delinquency of the Animal Care bill for the City of Lancaster.

Attachments: [SUPPORTING DOCUMENT](#)

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

Don Chadwick, Auditor-Controller's Office reported this policy was developed as an efficient method of addressing recurring findings of county contractors paying excessive executive salaries, overbilling the County for rent, and charging disallowed costs. This policy will be pursued with CEO, ISD, and County Counsel and contractors are on board with the provisions.

Attachments: [SUPPORTING DOCUMENT](#)

36. CSS Monitoring Update (11-0396)

Jackie Sakane, Community and Senior Services reported they are current on resolution activities and have collected a total of \$45,310 in disallowed costs. No major complaints have been received by the contractors.

Community in Schools was suspended due to repeat findings, a corrective action plan was submitted and upon review by the Auditor-Controller they were reinstated with payments. Door of Hope is currently suspended and pending submittal of their action plan. Their contract will need to be reviewed to potentially provide them additional funds to hire an accountant to do their cost allocations. New Directions has remained on a payment plan for the 2007-2008 year.

Ms. Sakane and her department were commended on their work and she was asked to forward procedures to Auditor-Controller staff for use as best practices.

37. Pending Audits/Monitoring Reports (10-3076)

There was nothing to report on this item.

38. DPSS Contract Provisions (10-3079)

Don Chadwick, Auditor-Controller's Office explained a provision could be included in the DPSS contract that 10% of funds are retained back to the department. Another option would be that excess funds are spent by the contractor within one year and a correction action plan is draft by the contractor for submission to the Auditors.

39. Timeframes for Departmental Responses (10-3118)

Jim Schneiderman, Auditor-Controller's Office provided a draft letter that will be sent to all departments asking them to respond in writing to audit reports within 30 days and advising the departments if no response is received, they will need to respond to the Board directly within 60 days.

Attachments: [SUPPORTING DOCUMENT](#)

VI. MISCELLANEOUS**40. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting) (11-0553)**

There were none.

41. Public Comment (11-0581)

No members of the public addressed the Committee.

42. Adjournment (11-0583)

There being no further business to conduct, the meeting was adjourned at 12:03 p.m.