County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
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February 25, 2016

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

From: Philip L. Browning
Director

LOS ANGELES YOUTH NETWORK FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) Contract Fiscal Compliance conducted a review of Los Angeles Youth Network (the Group Home) in April and May 2015. The Group Home is a non-profit organization that is contracted with DCFS to provide Group Home and Group Home Emergency Shelter Care services. The Group Home has two sites licensed to service 29 children located in the Third Supervisorial District. At the time of the Fiscal Compliance Assessment there were 12 DCFS placed children. The placed children's overall average length of placement was three months and their average age was 16.

SUMMARY

CAD conducted a Fiscal Compliance Assessment, which included an agency-wide review of the Group Home's financial records such as, financial statements, bank statements, check register and personnel files to determine their 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 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans Advances and Investments; and Board of Directors and Business Influence.

CAD noted deficiencies in the areas of: Cash Expenditures, related to a check signer signing three checks made out to the signer; the fixed asset inventory missing the serial number and item description; and Payroll and Personnel, related to one non-exempt personnel file missing the Fair Labor Status Act status.

REVIEW OF REPORT

On May 19, 2015 Molly Sun, CAD Fiscal, held an Exit Conference with the Group Home representatives: Mark Supper, Executive Director, Angela Leonard, Vice President Finance and Operations, Ann Mcconville, Compliance Director and Mayra Camarillo, Director of Administration.

The Group Home representatives agreed with the review findings and recommendations, were receptive to implementing systemic changes to improve compliance with regulatory standards and agreed to address the noted deficiencies in a Fiscal Corrective Action Plan.

A copy of this report has been sent to the A-C and Community Care Licensing.

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

PLB:EM:LTI:ms

Attachments

c: Sachi A. Hamai, Chief Executive Officer
John Naimo, Auditor-Controller
Calvin Remington, Interim Chief Probation Officer
Audit Committee
Mark Supper, Executive Director, Los Angeles Youth Network
Lenora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

LOS ANGELES YOUTH NETWORK
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2014 - 2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included review of Los Angeles Youth Network's (the Group Home's) financial records for the period of July 1, 2013 through June 30, 2014 and December 1, 2014 through April 30, 2015. Contracts Administration Division (CAD) reviewed the financial records such as financial statements, bank statements, check register and personnel files to determine the Group Home'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 on-site Fiscal Compliance Assessment review focused on 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 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans Advances and Investments; and Board of Directors and Business Influence.

FISCAL COMPLIANCE

CAD found the following two areas out of compliance:

Cash/Expenditures

- An authorized check signer signed three checks totaling $281.43 payable to himself without a second signature.

At the Exit Conference, the Group Home's Vice President of Finance and Operations stated she will ensure all checks payable to an authorized check signer are reviewed, approved and signed by another authorized check signer or Board member.

- The fixed asset inventory was missing the serial numbers and items descriptions.

The Group Home's Vice President of Finance and Operations will ensure the fixed asset inventory includes all required elements.

Recommendations:

The Group Home's management shall ensure that:

1. All checks payable to authorized check signers are reviewed, approved and signed by another authorized check signer.

2. The fixed asset inventory includes all required elements.

Payroll and Personnel

- One non-exempt employee's personnel file did not include the Fair Labor Standards Act (FLSA) status.

The Group Home's Director of Administration will ensure the personnel files for all non-exempt staff include a written confirmation of the FLSA status.

Recommendation:

The Group Home's management shall ensure that:

3. Personnel files include the FLSA status for all non-exempt employees.

MOST RECENT FISCAL REVIEW CONDUCTED BY THE AUDITOR-CONTROLLER

A recent fiscal review of the Group Home has not been posted by the A-C.

NEXT FISCAL COMPLIANCE ASSESSMENT

The next Fiscal Compliance Assessment of the Group Home will be conducted in County Fiscal Year 2015-2016.

LOS ANGELES YOUTH NETWORK
Hope & Homes for Foster and Homeless Youth

June 11, 2015

Department of Children and Family Services
Contracts Administration Division

Attention: Molly Sun, Fiscal Compliance Administrator

The following corrective action plan is in response to findings high-lighted during the on-site fiscal compliance assessment that was held 4/27/2015-5/1/2015.

Finding # 1: *Authorized check signer made checks payable to himself without a second signature.*

Corrective Action: LAYN will ensure that a second signature be required on all checks over $500.00 and instances where the payee is also a signor on the check, the disbursement shall be reviewed and approved and signed by a higher level employee and/or Board member. LAYN's VP of Finance and Operations will ensure the accuracy of this process and this process will begin effective immediately.

Finding # 2: *A listing of fixed assets did not include serial number and items description.*

Corrective Action: LAYN will maintain a current listing of fixed assets, including the item description, serial number, date of purchase, acquisition cost and sources of funding. LAYN's VP of Finance and Operations will ensure the maintenance of this record as well as the accuracy of the record for all fixed assets and this process will begin effective immediately.

Finding # 3: *Employee's personnel file did not include the Fair Labor Standards Act Form.*

Corrective Action: LAYN will ensure that all employee personnel files include a written notice that outlines the employee's rate of pay, designated payday, claimed allowances, and the basis of wage payments by the hour, shift, day, week, piece, commission, including any applicable overtime. LAYN's Director of Administration will ensure the completion and accuracy of this process and this process will begin effective immediately.

This report has been completed in its entirety by the Los Angeles Youth Network's Compliance Director and has been approved by the Executive Director. Please feel free to contact us at (323) 467-8466 with any questions.

Respectfully,

Mark Supper
Executive Director

Executive Director: Mark Supper
Executive Board: David Cottrell - *Chair* | Russell Allyn - *Vice Chair*
John A. Ryan - *Treasurer* | Hope Biller - *Secretary*

Directors: Diana Buckhantz | Leslie Kaplan | Mark Prior
Scott Kay | Don Polite | Ram Cogan | Teo Martinez

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