County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

PHILIP L. BROWNING
Director

Board of Supervisors
HILDA L. SOLIS
First District
MARK RIDLEY-THOMAS
Second District
SHEILA KUEHL
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

April 22, 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

VISTA DEL MAR FOSTER FAMILY AGENCY FISCAL COMPLIANCE ASSESSMENT AND CONTRACT COMPLIANCE REVIEW

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment and Contract Compliance Review of Vista Del Mar Foster Family Agency (the FFA) in October 2014 and March 2015. The FFA has one licensed office located in the Second Supervisorial District and provides services to the County of Los Angeles DCFS placed children as well as children from other counties. According to the FFA's Program Statement, its stated purpose is "to provide comprehensive, family-centered social, emotional, mental and behavioral health services that encourage children, adolescents and their families to lead self-reliant, stable and productive lives."

At the time of the review, the FFA supervised two DCFS placed children in one Certified Foster Home (CFH). The placed children's average length of placement was three weeks and their average age was four.

SUMMARY

CAD conducted a Fiscal Compliance Assessment which included a review of the FFA'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 FFA's contracts with DCFS, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook) and other applicable federal, State and County regulations and guidelines.

The FFA was in full compliance with 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans, Advances and Investments; and Payroll and Personnel.

CAD noted deficiencies in the following areas: Board of Directors and Business Influence, related to the Board meeting minutes were not certified by the Board Secretary; and Cash/Expenditures, related to a check made payable to cash, independent contractor written agreements were not maintained, inadequate supported check expenditures, and an incomplete fixed asset inventory.

During CAD's Contract Compliance Review, the interviewed children generally reported: feeling safe in the FFA CFHs, being provided with good care and appropriate services, being comfortable in their placement environment and being treated with respect and dignity. The Certified Foster Parents (CFPs) reported they were supported by the FFA staff in their efforts to provide care, supervision and service delivery to the children placed in their homes.

The FFA was in full compliance with all areas of CAD's Contract Compliance Review. There were no findings.

Attached are the details of CAD's review.

REVIEW OF REPORT

On April 14, 2015, Eboni Alexander, DCFS CAD and Adelina Arutyunyan, DCFS Out-of-Home Care Management Division, held an exit conference with the FFA representatives: Lynne Baumhoff, Vista Del Mar FFA Program Director and Jamie Silvers, Foster Care Social Worker. Luis Moreno, DCFS CAD conducted a Fiscal exit conference on October 8, 2014. The FFA representatives were in agreement with the review findings and recommendations, were receptive to implementing systemic changes to improve compliance with regulatory standards and to addressing any noted deficiencies in a Fiscal Corrective Action Plan (FCAP).

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

The FFA provided the attached approved FCAP addressing the recommendations noted in this report.

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

PLB:EM:LTI:ea

Attachments

c: Sachi A. Hamai, Chief Executive Officer
John Naimo, Auditor-Controller
Public Information Office
Audit Committee
Lynne Baumhoff, Program Director, Vista Del Mar FFA
Lenora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

VISTA DEL MAR FOSTER FAMILY AGENCY
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2014-2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of the Vista Del Mar Foster Family Agency's (the FFA's) financial records for the period of July 1, 2012 through August 31, 2014. The Contracts Administration Division (CAD) staff reviewed the financial statements, bank statements, check register and personnel files to determine the FFA's compliance with the terms, conditions and requirements of the FFA contracts with the Department of Children and Family Services (DCFS), 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 FFA was in full compliance with 3 of 5 areas of the Fiscal Compliance Assessment: Financial Overview; Loans, Advances and Investments; and Payroll and Personnel.

During the review, it was noted that the FFA's audited financial statements for the Fiscal Year that ended June 30, 2013, reflected an operational loss of $3,143,467. The FFA receives supplemental funding from both the California Department of Social Services and the County of Los Angeles for Community Treatment Facility (CTF) placements. The operational loss is due to the program design, as this program is only cost-effective when all CTF beds are occupied: therefore, the CTF must be fully staffed to avoid operational loss. The FFA maintains operational/unrestricted revenue streams and reserves to augment programs temporarily running in deficit and/or to preserve programs that are providing valuable services and to assist with organizational growth. Due to the program's operation, this is not a finding and a corrective action is not required.

FISCAL COMPLIANCE

CAD found the following two areas out of compliance:

Board of Directors and Business Influence

- The meeting minutes for three quarterly meetings of the Board of Directors were not certified by the Board Secretary.

Recommendation:

The FFA's management shall ensure that:

1. Board meeting minutes are certified by the Board's Secretary.

Cash/Expenditures

- A check in the amount of $5,000 was made payable to cash.
- Two independent contractor written agreements were not maintained.
- Inadequately supported check expenditure disbursements.

A payment to a doctor was not made in compliance to the agreement ($125 per hour). Supporting documentation for a payment in April (20.05 hours) and May (20.01 hours) did not support the payment of $3,000 for each month.

- Incomplete fixed asset inventory.

The fixed asset inventory is missing the acquisition date, purchase cost and funding source.

Recommendations:

The FFA's management shall ensure that:

2. Checks are not payable to cash.
3. Written agreements are executed and on file for all Independent Contractor's receiving payments reported on the Internal Revenue Service 1099 forms.
4. Supporting documentation is maintained for all expenditures.
5. A fixed asset inventory is maintained and includes all required elements.

MOST RECENT FISCAL REVIEW CONDUCTED BY THE AUDITOR-CONTROLLER

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

NEXT FISCAL COMPLIANCE ASSESSMENT

The next Fiscal Compliance Assessment will be conducted in County Fiscal Year 2015-2016.

VISTA DEL MAR CHILD AND FAMILY SERVICES FOSTER FAMILY AGENCY
CONTRACT COMPLIANCE REVIEW SUMMARY

3200 Motor Ave.
Los Angeles CA 90008
License Number: 197804924

	Contract Compliance Review	**Findings: March 2015**
I	**Licensure/Contract Requirements** (7 Elements) 1. Timely Notification for Child's Relocation 2. Timely, Cross-Reported SIRs 3. Runaway Procedures in Accordance with the Contract 4. Are There CCL Citations/OHCMD Safety Reports 5. If Applicable, FFA Ensures Complete Required Whole Foster Family Home Training 6. FFA Pays Certified Foster Parents (CFP) Whole Foster Family Home Payments 7. FFA Conducts an Assessment of CFP Prior to Placement of Two (2) or More Children	Full Compliance (All)
II	**Certified Foster Homes** (12 Elements) 1. Home Study and Safety Inspection Conducted Prior to Certification 2. Agency's Inquiry with OHCMD for Historical Information Prior to Certification 3. Timely Criminal Clearances (FBI, DOJ, CACI) Prior to Certification 4. Timely, Completed, Signed Criminal Background Statement 5. Health Screening & TB Test Prior to Certification 6. All Required Training Prior to Certification 7. Certificate of Approval on File/Including Capacity 8. Safety Inspection Completed At Least Every Six Months or Per-Approved Program Statement 9. Completed Annual Training Hours for Re-certification and Current CPR/First-Aid/Water Safety Certificates 10. Current Driver's License (DL)/Auto Insurance/Annual Vehicle Maintenance Documentation for CFPs and Designated Drivers 11. Criminal Clearances and Health Screening/DL/CPR/FBI/DOJ/CACI/Auto Insurance for Other Adults in the Home 12. FFA Assists CFPs in Providing Transportation Needs	Full Compliance (All)

III	**Facility and Environment** (7 Elements) 1. Exterior/Grounds Well Maintained 2. Common Areas Well Maintained 3. Children's Bedrooms/Interior Well Maintained 4. Sufficient and Appropriate Educational Resources 5. Adequate Perishable and Non-Perishable Food 6. CFP Conducted Disaster Drills and Documentation Maintained 7. Money and Clothing Allowance Logs Maintained	Full Compliance (All)
IV	**Maintenance of Required Documentation/Service Delivery** (10 Elements) 1. FFA Obtains or Documents Efforts to Obtain DCFS Children's Social Worker's (CSW) Authorization to Implement NSPs 2. CFPs Participated in Development of the NSPs 3. Children Progressing Towards Meeting NSP Goals 4. FFA Social Workers Develop Timely, Comprehensive Initial NSP with Child's Participation 5. FFA Social Workers Develop Timely, Comprehensive Updated NSPs with Child's Participation 6. Therapeutic Services Received 7. Recommended Assessments/Evaluations Implemented 8. DCFS Children's Social Workers Monthly Contacts Documented in Child's Case File 9. FFA Social Workers Develop Timely, Comprehensive Quarterly Reports 10. FFA Social Workers Conduct Required Visits	Full Compliance (All)
V	**Education and Workforce Readiness** (5 Elements) 1. Children Enrolled in School Within Three School Days 2. Children Attend School as Required and FFA Facilitates in Meeting Children's Educational Goals 3. Current Children's Report Cards/Progress Reports Maintained 4. Children's Academic Performance and/or Attendance Increased 5. FFA Facilitates Child's Participation in YDS or Equivalent Services and Vocational Programs	Full Compliance (All)

VI	**Health and Medical Needs** (4 Elements) 1. Initial Medical Exams Conducted Timely 2. Follow-Up Medical Exams Conducted Timely 3. Initial Dental Exams Conducted Timely 4. Follow-Up Dental Exams Conducted Timely	Full Compliance (All)
VII	**Psychotropic Medication** (2 Elements) 1. Current Court Authorization for Administration of Psychotropic Medication 2. Current Psychiatric Evaluation Review	Full Compliance (All)
VIII	**Personal Rights and Social Emotional Well-Being** (10 Elements) 1. Children Informed of Agency's Policies and Procedures 2. Children Feel Safe in the CFP Home 3. CFPs' Efforts to Provide Nutritious Meals and Snacks 4. CFPs Treat Children with Respect and Dignity 5. Children Allowed Private Visits, Calls, and to Receive Correspondence 6. Children Free to Attend or Not Attend Religious Services/Activities of Their Choice 7. Children's Chores Reasonable 8. Children Informed About Their Medication and Right to Refuse Medication 9. Children Aware of Right to Refuse or Receive Medical, Dental and Psychiatric Care 10. Children Given Opportunities to Participate in Extracurricular Activities, Enrichment, and Social Activities	Full Compliance (All)
IX	**Personal Needs/Survival and Economic Well-Being** (7 Elements) 1. Clothing Allowance Provided in Accordance with FFA Program Statement 2. Ongoing Clothing Inventories of Adequate Quantity and Quality 3. Children Involved in the Selection of Their Clothing 4. Provision of Sufficient Supply of Clean Towels and Personal Care Items Meeting Ethnic Needs 5. Minimum Weekly Monetary Allowances 6. Management of Allowance/Earnings 7. Encouragement/Assistance with a Life Book/Photo Album	Full Compliance (All)

X	**Discharged Children** (3 Elements) 1. Completed Discharge Summary 2. Attempts to Stabilize Children's Placement 3. Child Completed High School (if applicable)	Full Compliance (All)
XI	**Personnel Records** (9 Elements) 1. Criminal Clearances (FBI, DOJ, CACI) Signed and Submitted Timely 2. Timely, Completed, Signed Criminal Background Statement 3. FFA Social Workers Met Education/Experience Requirements 4. Timely Employee Health Screening/TB Clearances 5. Valid CDL and Auto Insurance 6. FFA Employees Signed Copies of FFA Policies and Procedures 7. FFA Employees Completed All Required Training and Documentation Maintained 8. FFA Social Workers Have Appropriate Caseload Ratio 9. FFA Maintained Written Declarations for Part-Time Contracted FFA Social Workers Caseloads Not to Exceed a Total of 15 Children	Full Compliance (All)

VISTA DEL MAR FOSTER FAMILY AGENCY
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2014-2015

SCOPE OF REVIEW

The following report is based on a "point in time" review. This compliance report addresses findings noted during the March 2015 review. The purpose of this review is to assess Vista Del Mar Foster Family Agency's (the FFA's) compliance with its County contract and state regulations and includes a review of the FFA's Program Statement as well as internal administrative policies and procedures. The review covered the following 11 areas:

- Licensure/Contract Requirements,
- Certified Foster Homes,
- Facility and Environment,
- Maintenance of Required Documentation and Service Delivery,
- Education and Workforce Readiness,
- Health and Medical Needs,
- Psychotropic Medication,
- Personal Rights and Social/Emotional Well-Being,
- Personal Needs/Survival and Economic Well-Being,
- Discharged Children, and
- Personnel Records.

For the purpose of this review, two placed children were selected for the sample. The Contracts Administration Division (CAD) interviewed both children and reviewed their case files to assess the care and services they received. At the time of review, there were no placed children being prescribed psychotropic medication.

CAD reviewed one Certified Foster Parent (CFP) file and three staff files for compliance with Title 22 Regulations and County contract requirements. Interviews were conducted with two CFPs to assess the quality of care and supervision provided to children.

CONTRACTUAL COMPLIANCE

CAD found all areas to be in compliance.

PRIOR YEAR FOLLOW-UP FROM DCFS OUT-OF-HOME CARE MANAGEMENT DIVISION'S (OHCMD'S) FFA CONTRACT COMPLIANCE REVIEW

The FFA did not operate its program between September 2012 and June 2014.

At the exit conference, the FFA representatives stated their desire to remain in compliance with all Title 22 Regulations and contractual requirements. CAD will continue to assess contractual compliance during the next review. OHCMD will provide ongoing support and technical assistance prior to the next review.

DCFS FISCAL COMPLIANCE ASSESSMENT – AUGUST 2014
VISTA DEL MAR CHILD AND FAMILY SERVICES
Fiscal Corrective Action Plan

FCAT Section I – Financial Overview

Question No. 3

Vista's Audited Financial Statements for fiscal year end June 2013 reflect a positive $2,149,049 Change in Net Assets for the year and the results are in line with our business model.

While the Agency's goal is to run on an operationally break-even basis, the commensurate goal of the preservation of our programs sometimes results in operating deficits. We are able to preserve programs during a variety economic conditions through investment income and contributions. Amounts earned through these revenue streams are frequently sufficient to turn operating deficits into net Agency surpluses. Investment portfolio principal is used should investment income be insufficient.

In our most recent fiscal year 2012-13, the Agency's Investment and Other Income fully subsidized our operating deficit. Note that the audit report's Statement of Cash Flows shows a $1 million increase in cash, further building on our $42 million reserve balance. A 5-year summarization of Vista's audit reports indicate a Surplus Change in Net Assets of $209,175 and Increase in Cash of $2,270,509. It should also be noted that $36.6 million of Total Program Service Revenue & Public Support fully covers $33.7 million of Program Services Operating Expenses.

As such, no corrective action is planned or needed.

FCAT Section III – Board of Directors, and Business Influence

Question No. 13

Commencing immediately, the Executive Assistant to the CEO will ensure Board minutes are signed by the board secretary when approved.

FCAT Section IV – Cash/Expenditures

Question No. 18

Effective immediately, no further checks will be prepared payable to "cash". The Controller has notified all Finance Dept. personnel and check signers of this policy.

Question No. 27

Commencing immediately, Vista will review vendor files for current contractor agreements for ongoing vendors, and require contractor agreements for new contractors. Additionally, Accounts Payable has been instructed to review vendor invoices against contractor agreement terms, and return invoices not in compliance.

Question No. 28

Fixed Asset detail is maintained in the dedicated subsidiary ledger to the accounting system, where fixed asset additions, disposals, and depreciation are calculated and recorded into the general ledger. This subsidiary ledger is capable of recording dates of acquisition and cost, and other detail as needed.

Vista maintains many infrastructure fixed assets that would not qualify for a serialized listing, such as Land and Land Improvements, Buildings and Building Improvements, Vehicles, Kitchen, Telephone and Security Systems, and Permanent Artwork. This represents the vast majority of our $12 million Fixed Assets per our audited financial statements.

It has come to our attention, through an internal audit process, that our Fixed Asset subsidiary module to the Accounting System had been historically miss-used or used in inconsistent manners. While it had adequately served to calculate our depreciation expense, it grew to be an unwieldy voluminous listing of assets on hand.

Vista has embarked on a clean-up process that will result in the Fixed Asset subsidiary module providing a concise accurate listing of assets on hand, detailing relevant asset specifics. Our target date for completion will coincide with our fiscal year end close and audit of June 30, 2015.

Matthew Brown, Controller