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

PHILIP L. BROWNING
Director

BRANDON NICHOLS
Chief Deputy 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 26, 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

RANCHO SAN ANTONIO BOYS HOME FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of Rancho San Antonio Boys Home, (the Group Home) in April 2015. The Group Home has one licensed site located in the Fifth Supervisorial District and provides services to the County of Los Angeles Probation foster youth and youth from other Counties. According to the Group Home's Program Statement, its stated purpose is, "to provide a structured treatment environment, strength based assessments, cognitive behavioral techniques, social learning, modeling, a level system that reinforces social skills training and Aggression Replacement Training to promote change."

During the month of the review, the Group Home served 22 Probation foster youth. 20 were placed by Probation and 2 were placed by other Counties. The Group Home has a 101-bed site and is licensed to serve a capacity of 106 children. The placed youth's overall average length of placement was five months and their average age was 17.

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 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 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 identified deficiencies in the areas of: Cash/Expenditures, related to petty cash checks, unresolved outstanding checks on bank reconciliations, incomplete independent contractor agreements and an incomplete fixed asset inventory; and Payroll and Personnel, related to compensation of two staff members as employees and as independent contractors.

Attached are the details of CAD's review.

REVIEW OF REPORT

On May 19, 2015 Helga Kiaian, CAD Fiscal, held an exit conference with the Group Home representatives: Brother John Crowe, Chief Executive Officer, Randy McTague, Executive Director, Nick Rizzo, Finance Manager, and Saul Rodriguez, Senior Accountant. 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 (FCAP).

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

The Group Home 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:KR:LTI:hk

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Calvin C. Remington, Interim Chief Probation Officer
John Naimo, Auditor-Controller
Randy McTague, Executive Director, Rancho San Antonio Boys Home
Public Information Office
Audit Committee
Sybil Brand Commission
Leonora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

RANCHO SAN ANTONIO BOYS HOME
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2014 – 2015

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of Rancho San Antonio Boys Home (the Group Home's) financial records for the period of July 1, 2013 through February 28, 2015. CAD reviewed the 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.

According to the audited financial statements as of June 30, 2014, the Group Home had $2,614,123 total investment in money market funds, fixed income securities, equities and mutual funds. However, according to the Group Home, no County contract funds have been invested. All of the Group Home's investments are from donations from their benefactors.

FISCAL COMPLIANCE

CAD found the following two areas out of compliance:

Cash/Expenditures

- All petty cash replenishment checks were made payable to Wells Fargo for cash.

The Group Home will start writing checks payable to the petty cash custodian.

- Reconciling items outstanding longer than six months was not conducted.

Fourteen checks dated in January, March, April, May and June 2014 that totaled $1,915.75 were outstanding as of February 28, 2015.

The Group Home voided all of the outstanding checks and will void outstanding checks monthly.

- One independent contractor agreement did not have the current billing rate.

The original contracts will be amended any time terms of the agreements are changed.

- The fixed asset inventory did not include the funding source.

The funding source will be added to the fixed asset inventory.

Recommendations:

The Group Home's management shall ensure that:

1. Checks are not made payable to cash.
2. Reconciling items on the bank reconciliations are resolved timely.
3. All independent contractor written agreements include the current billing rate.
4. The fixed asset inventory includes all required elements.

Payroll and Personnel

- One cook and one supervisor are also paid for pest control and hair cut services, respectively.

The independent contractor responsibilities will be added to the job description of the cook and he will be compensated accordingly. The Group Home will contract with a provider for hair cut services.

Recommendation:

The Group Home's management shall ensure that:

5. Group Home staff are not paid as independent contractors.

NEXT FISCAL COMPLIANCE ASSESSMENT

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

RANCHO SAN ANTONIO BOYS HOME, Inc.

21000 Plummer Street
Chatsworth
California
91311

Telephone 818-882-6400
Fax 818-882-6404

Since 1933

July 14, 2015

Helga Kiaian
Fiscal Compliance Administrator
County of Los Angeles
Department of Children and Family Services
Contracts Administration Division
3530 Wilshire Blvd., 4th Floor
Los Angeles, CA 90011

RE: Internal Questionnaire Summary of Findings -- Revised

Dear Ms. Kiaian:

This letter is intended to response to your findings of your On Site-Fiscal Compliance Assessment and to provide a corrective plan of action to identified areas of weaknesses in our internal control of our organization.

Area 1. Non-FDIC insured investments of [redacted]

No program funds have ever been invested. All of our investments come from excess donations from our benefactors. The following chart shows how much money we have received from the City of Los Angeles to fund our program, since our incorporation in July 2008 through the audited Financial Statement as of 6/30/14. Also, shows total expenses reported through the same period and the balance between the two.

Period	Beginning Bal	A. Total AFDC-FC Revenue	Total Allowable Expenditures	C. Total Un-expended AFDC FC Funds	E. Total Accumulated
July 2008 - June 2009	-	[redacted]	[redacted]	[redacted]	[redacted]
July 2009 - June 2010	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
July 2010 - June 2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
July 2011 - June 2012	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
July 2012 - June 2013	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
July 2013 - June 2014	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Totals		[redacted]	[redacted]	[redacted]	

Total Cash as of June 30, 2014 Audited Report	$ [redacted]
Less total of LA County Un-expended Funds as of 6/30/14	$ -
Balance of Cash Owned by Rancho San Antonio as of 6/30/14	$ [redacted]

RANCHO SAN ANTONIO BOYS HOME, Inc.

21000 Plummer Street
Chatsworth
California
91311

Telephone 818-882-6400
Fax 818-882-6404

Since 1933

Area 2. Petty Cash Checks Made Payable
We will start writing checks payable to the person responsible for petty cash.

Effective date: July 14, 2015
Person responsible: Toni Nothacker

Area 3. Unresolved Outstanding Check on Bank Reconciliation
We have voided all old outstanding checks on bank reconciliation, and we will continue to void checks every month, when necessary.

Effective date: Process completed.
Person responsible: Saul Rodriguez

Area 4. Incomplete Independent Contractor Written Agreements
We have written contracts for all on-going services provided by an independent contractor and any special projects. We have corrected the price adjustment for Paradise Grounds Management for the price increase in year 2012. We have requested all managers to obtain an amendment of an original contract, any time any terms changed.

Effective date: July 1, 2015
Person responsible: Joel Stubbs

Area 5. Incomplete Fixed Assets Inventory List
We are including a field showing the income source to pay for any assets going forward.

Effective date: July 1, 2015
Person responsible: Saul Rodriguez

RANCHO SAN ANTONIO BOYS HOME, Inc.

21000 Plummer Street
Chatsworth
California
91311

Telephone 818-882-6400
Fax 818-882-6404

Since 1933

Area 6. Compensation of Two Employees for Services Provided
Victor Herrera. We are adding his responsibilities as an independent contractor to his job description and compensating him accordingly.
Andre Williams. We are in the process of contracting a new company to provide hair cut services.

Effective date: August 30, 2015
Person responsible: Randy McTague & Brother John Crowe

Please let me know if you have any questions.

Thank you,

Randy McTague
Executive Director
Rancho San Antonio Boys Home, Inc.
(818) 882-6404 Ext. 113