



Los Angeles County AUDIT COMMITTEE

DRAFT

Louisa Ollague, Chair
1st District
Lori Glasgow, Vice Chair
5th District
Dorinne Jordan
2nd District
Genie Chough
3rd District
Carl Gallucci
4th District

MINUTES

SPECIAL MEETING
September 1, 2010

Springsong Cooper called the meeting to order at 10:47 a.m. in Conference Room 743, Kenneth Hahn Hall of Administration.

Committee Members Present

Springsong Cooper, First District
Sylvia Drew Ivie, Second District
Lisa Mandel, Third District
Helen Berberian, Fifth District

Committee Members Excused Absence

Louisa Ollague, Chair, First District
Lori Glasgow, Vice Chair, Fifth District
Dorinne Jordan, Second District
Genie Chough, Third District
Carl Gallucci, Fourth District

APPROVAL OF MARCH 3, 2010 MINUTES

On motion of Lisa Mandel, seconded by Helen Berberian, unanimously carried, the Committee approved the March 3, 2010 minutes.

APPROVAL OF THE JUNE 2, 2010 MINUTES

On motion of Lisa Mandel, seconded by Helen Berberian, unanimously carried, the Committee approved the June 2, 2010 minutes.

OLD BUSINESS

- Tarzana Treatment Center (Board Agenda Item #35, June 16, 2009) (08/19/09)
 - Maria Oms, Auditor-Controller, informed the Committee that the new report to determine the amount of rent Tarzana charged the County has not been completed. They have met with all affected departments and are currently in the process of clearing it with Tarzana. The new report is expected to be issued within the next 30 days.

On motion of Helen Berberian, seconded by Lisa Mandel and unanimously carried, the Committee continued the aforementioned item to its December 1, 2010 meeting.

REPORTS TO BE RECEIVED AND FILED

- Special Service for Groups Contract Review – A Department of Children and Family Services and Mental Health Service Provider (8/10/10)
 - Don Chadwick, Auditor-Controller reported that the Special Service for Groups (SSG) contract review found \$300,000 in questioned costs and that accounting records did not reconcile with what SSG reported on their class report for services provided to the Department of Mental Health (DMH). In addition, based on what the County contract requires with Wraparound services, SSG retained \$200,000 that they should return to the County. The Departments have been contacted and the money for Department of Children and Family Services (DCFS) has been reserved for future Wraparound expenditures.
 - Lisa Parrish, DCFS, responded to questions posed by Lisa Mandel as to why there are unspent funds by explaining that the case rate funds received for kids in Wraparound services were less than the amount spent.
 - Discussion ensued on a new study in progress to determine how much providers are expending against the rate received and how much they are billing; the last study completed two and a half years ago prompted them to include a provision in the contract to collect anything over 10% of unspent wraparound funds. Michael Rauso, DCFS provided a brief update on the status of the review. Don Chadwick added this contract is a good model for fixed fee contracts in that it provides the County an opportunity to recover unspent funds and reallocate the funds to other contractors.

By common consent, there being no objection, the Committee received and filed the aforementioned report.

- Alma Family Services Contract Review – A Department of Children and Family Services and Mental Health Service Provider (8/25/10)
 - Elaine Boyd, Auditor-Controller reported staff is in the process of establishing a new training session in December. Ms. Oms will provide the Committee with a schedule of the training at the next meeting.

By common consent, there being no objection, the Committee continued the aforementioned items to its December 1, 2010 meeting.

OTHER BUSINESS

- Report from County Counsel on Parameters of Action for Non-Compliant Vendors
 - No report was given.

- Comprehensive Schedule of Audits and Results for DCFS Group Home and Foster Family Agency Contractor
 - At the request of Springsong Cooper, Michael McWatters, Auditor-Controller agreed to insert a column indicating if the agencies agreed to the corrective action.
 - Mr. McWatters also responded to an inquiry of America Care's inadequate/unsupported costs, by informing the Committee that they are currently working with Counsel to determine if the funds can be recovered.
 - Philip S. Molina, DCFS reported on the following:
 - Repayment has been made to Fred Jefferson for questioned costs related to a loan they provided to Freeman Enrichment Center Inc. Although they are two separate entities, the directors of these agencies are relatives.
 - Tom Fagan, County Counsel will research the legality of this transaction and report back to the Committee prior to the next meeting.
 - Negotiations with West Covina FFA dba Homes for Hope resulted in a repayment agreement of unsupported expenditures for a period of 36 months; they remain current on their payments.

By common consent, there being no objection, the Committee received and filed the aforementioned report.

- Non-Issuance of Fiscal Audit Report on New Outlook Boys Home – A Group Home Foster Care Contractor
 - No report was given.
- Fiscal Audit Report Format Change where Non-County Funds Offset Questioned Costs
 - No report was given.
- Auditor-Controller Contract Accounting and Administration Handbook (8/26/10)
 - No report was given.
- Status on Contract Language Changes to the Group Home and Foster Family Agency Form Contracts
 - Michael McWatters, Auditor-Controller, reported they are working with County Counsel on language to address efficiencies in FFA and Group Home contracts. In previous contracts, an executive compensation loophole was found in the Auditor-Controller Contract and County Handbook that allowed for reference to the Child Welfare League of America (CWLA) Study when justifying salaries and did not prevent agencies from conducting their own studies. Contract language will be amended to prevent agencies from conducting their own surveys.

Discussion ensued on steps to take if an agency does not agree with the CWLA Study. Tom Fagan, County Counsel advised that the best position for the county is to strengthen the contract language. Agencies will be required to disclose salaries upon signing their new contract and if they are over the indicated executive compensation amount referenced in the CWLA Study, the IRS or Attorney General can be notified if needed. Also, DCFS will provide the Committee with an internal list of agencies and their salaries, beginning November agencies will be required to disclose their salaries at the signing of their new contract.

In addition, Mr. McWatters will provide the Committee with the formula used to determine the percentage of donations offset by questioned costs.

By common consent, there being no objection, the Committee received and filed the aforementioned report

- Probation Group Home Monitoring Report
 - Lisa Campbell, Probation Department reported one training session has been completed. Staff informed her that the shadowing was not enough and a more formal training session is needed. An update of the progress will be provided at the next meeting.
- DCFS GH/FFA Fiscal Audits
 - No report was given.
- DCFS Quarterly Report – Recommendations and Implementation Status
 - DMH will be asked to join workgroup along with Auditor-Controller, DCFS and the State, a report of their progress will be provided at the next meeting. Lisa Mandel suggested the Court liaison join the workgroup since the Court is who tracks and monitors court orders relating to psychotropic medications.
- DCFS Status Report – Laptops and Air Cards
 - Cecilia Custodio, DCFS, reported in 2007 tablets were purchased to allow mobile access for staff. During this time infrastructure problems arose and they turned to Internal Services Department (ISD) for assistance.
 - Dave Wesolik, ISD, reported as a pilot, five DCFS location have been converted with remote access and the validating of inventory has begun. They are accounting for all tablets, identifying all mobile workers by offices to identify where the mobility issues are and all five offices have been converted to ISD. The plan is to complete conversion of the remaining offices by December 2010.
 - Helen Berberian requested DCFS provide a list identifying how many workers have tablets with mobile access, for each office.
 - Jim Schneiderman, Auditor-Controller added he will report back at the next meeting on DCFS' control of cell phones and air cards.

PUBLIC COMMENT

There was none.

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

There was none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 12:09 p.m.

Others in Attendance

Maria Oms, A-C
Judi Thomas, A-C
Jim Schneiderman, A-C
Don Chadwick, A-C
Jackie Guevarra, A-C
Elaine Boyd, A-C
Mike McWatters, A-C
Brian Mahan, CEO
Ali A. Gooma, DCFS
Latisha Thompson, DCFS
Phillip S. Molina, DCFS

Rhelda Shabazz, DCFS
Cecilia Custodio, DCFS
Eunice Kim, DCFS
Elizabeth Howard, DCFS
Lisa Campbell-Motton, PROB
Art Mayfield, PROB
Dave Wesolik, ISD
Dave Chittenden, ISD
Tom Fagan, County Counsel
Doug Lovejoy, County Counsel

Staff

Twila P. Kerr, Board of Supervisors
Lupe Duron, Board of Supervisors