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April 15, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA CONTRACT REVIEW – A DEPARTMENT OF CHILDREN AND FAMILY SERVICES AND MENTAL HEALTH SERVICE PROVIDER**

We completed a contract compliance review of Children's Bureau of Southern California (Children's Bureau or Agency), to determine the Agency's compliance with two separate County contracts. The Agency contracts with the Department of Children and Family Services (DCFS) to operate the Wraparound Approach Services (Wraparound) Program, which provides services to children and their families such as therapy, housing, education and social assistance.

Children's Bureau also contracts with the Department of Mental Health (DMH) to provide mental health services that includes interviewing program participants, assessing their mental health needs and implementing a treatment plan. The purpose of our review was to determine the appropriateness of the services provided based on available documentation. Our review also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

DCFS paid Children's Bureau approximately $943,000 on a fee-for-service basis for Fiscal Year (FY) 2009-10. DMH paid Children's Bureau approximately $9.2 million on a cost-reimbursement basis for FY 2009-10. The Agency's office is located in the First District.

Results of Review

DMH Program Review

Children's Bureau maintained documentation to support the service minutes billed and staff assigned to the County contract possessed the required qualifications. The Agency also completed Client Care Plans and Progress Notes in compliance with the County contract. However, Children's Bureau did not adequately describe the symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the given diagnosis for 12 (33%) of the 36 clients sampled on their Assessments.

Children's Bureau's attached response indicates that they will provide additional training on the DSM to all clinical staff specifically on the issue of DSM diagnosing.

DMH and DCFS Wraparound Programs Fiscal Review

Children's Bureau maintained sufficient internal controls over its business operations. The Agency appropriately allocated shared program expenditures and maintained sufficient documentation to support program expenditures charged to the DMH and Wraparound Programs.

The details of our reviews, along with a recommendation for corrective action, are attached.

Review of Report

We discussed the results of our review with Children's Bureau, DMH, and DCFS. In the attached response, the Agency agreed with our finding and recommendation.

We thank Children's Bureau management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Antonia Jiménez, Acting Director, Department of Children and Family Services
Dr. Marvin J. Southard, Director, Department of Mental Health
Marilyn Stein, Chair, Board of Directors, Children's Bureau of Southern California
Alex Morales, President and CEO, Children's Bureau of Southern California
Public Information Office
Audit Committee

DEPARTMENT OF MENTAL HEALTH AND WRAPAROUND PROGRAMS
CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA
FISCAL YEARS 2007-08 AND 2009-10

BILLED SERVICES

Objective

Determine whether Children's Bureau of Southern California (Children's Bureau or Agency) provided the services billed in accordance with their contract with the Department of Mental Health (DMH).

Verification

We selected 30 billings totaling 3,394 minutes from 220,502 and ten full-day billings from 513 service days of approved Medi-Cal billings for November and December 2007. We reviewed the Assessments, Client Care Plans and Progress Notes maintained in the clients' chart for the selected billings. We also performed a follow-up review in November 2010 and reviewed an additional five program participants' Assessments. The sampled minutes and days represent services provided to 36 program participants.

Results

Children's Bureau maintained documentation to support the service minutes sampled and completed Client Care Plans and Progress Notes in compliance with the County contract. However, the Agency did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the given diagnosis for 12 (33%) of the 36 clients sampled on their Assessments. The County contract requires the Agency to follow DSM when diagnosing clients. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental orders and the criteria for diagnosing them.

Recommendation

1. **Children's Bureau management ensure that Assessments are completed in accordance with the County contract.**

STAFFING LEVELS

Objective

Determine whether the Agency maintained the appropriate staffing ratios for applicable services.

Verification

We reviewed the client attendance sheets, staff rosters and staff timecards for ten Day Treatment Services days provided in November and December 2007.

Results

Children's Bureau was in compliance with the staffing ratio requirements of the Day Treatment Services Program for the ten days reviewed.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether Children's Bureau treatment staff possessed the required qualifications to provide mental health services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 24 (32%) of the 75 Children's Bureau treatment staff who provided services to DMH clients during November and December 2007.

Results

Each employee reviewed possessed the qualifications required to deliver the services billed.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash and other liquid assets.

Verification

We interviewed Children's Bureau management and reviewed the Agency's financial records. We also reviewed the Agency's bank reconciliation for September 2010.

Results

Children's Bureau maintained adequate controls to ensure that revenue, cash and liquid assets were properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether Children's Bureau's Cost Allocation Plan is prepared in compliance with the County contract and used to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan and selected 12 shared expenditures totaling $49,519 incurred during September 2010 to ensure that the expenditures were appropriately allocated to the Agency's programs.

Results

Children's Bureau prepared their Cost Allocation Plan in compliance with the County contract and appropriately allocated their shared expenditures.

Recommendation

None.

EXPENDITURES

Objective

Determine whether the DMH and the Wraparound Approach Services (Wraparound) Program related expenditures are allowable under their County contracts, properly documented and accurately billed.

Verification

We interviewed Agency personnel and reviewed financial records and documentation to support two Wraparound expenditures totaling $2,249 and two DMH expenditures totaling $7,596 incurred between August 2009 and September 2010.

Results

Children's Bureau's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

None.

FIXED ASSETS

Objective

Determine whether fixed asset depreciation costs charged to the DMH and Wraparound Programs were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we reviewed the depreciation costs charged to the DMH program totaling $2,300 during September 2010.

Results

The depreciation costs charged to the DMH program was allowable, properly documented, and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the DMH and Wraparound Programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures totaling $39,354 for eight employees to the payroll records for September 2010 and reviewed personnel files for the eight employees.

Results

Children's Bureau's payroll expenditures were appropriately charged to the DMH program. In addition, the Agency maintained the personnel files as required.

Recommendation

None.

COST REPORT

Objective

Determine whether Children's Bureau's Fiscal Year (FY) 2009-10 DMH Cost Report reconciled to the Agency's accounting records.

Verification

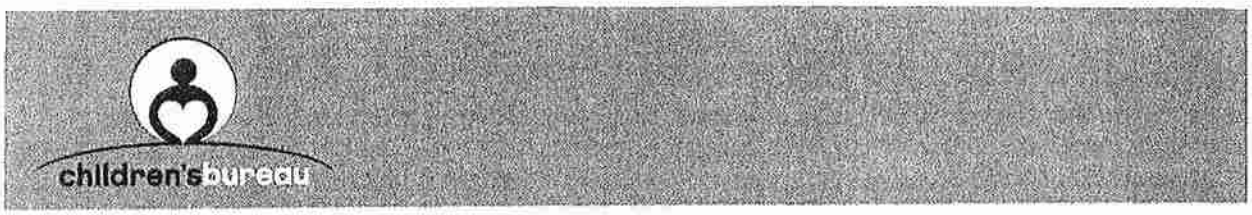
We traced the Agency's FY 2009-10 DMH Cost Report to the Agency's accounting records.

Results

Children's Bureau's Cost Report reconciled to the Agency's accounting records.

Recommendation

None.



Wendy L. Watanabe,
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January 18, 2011

Corrective Action Plan
For Report Dated January 2011

Results

"Children's Bureau maintained documentation to support the service minutes sampled and completed Client Care Plans and Progress Notes in compliance with the County contract. However, the Agency did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder DSM to support the given diagnosis for 12 (33%) of 36 clients sampled. The County contract requires the Agency to follow DSM when diagnosing clients. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental orders and the criteria for diagnosing them.

Recommendation

1. Children's Bureau management ensure that Assessments are completed in accordance with the County contract."

Corrective Action Plan

1. Children's Bureau will provide additional training to all clinical staff specifically on the issue of DSM diagnosing.
2. Supervisors will receive additional training specifically on the issue of evidencing the symptoms congruent to the Diagnosis.
3. Provide clinical staff with The Mental Health Diagnostic Desk Reference: Visual Guides and More for Learning to Use the Diagnostic and Statistical Manual (DSM-IV-TR) (Carlton Munson, Ph.D.).
4. Children's Bureau will dedicate more Quality Assurance resources to the Assessment/Diagnosis/care plan process.

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