# COUNTY OF LOS ANGELES
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May 12, 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: **SPECIAL SERVICE FOR GROUPS – A DEPARTMENT OF PUBLIC HEALTH HIV/AIDS CARE AND PREVENTION SERVICES PROVIDER – FISCAL REVIEW**

We completed a fiscal review of Special Service for Groups (SSG or Agency), a Department of Public Health (DPH) HIV/AIDS care and prevention services provider. The purpose of our review was to determine whether SSG provided services to eligible participants and spent funds in accordance with their County contract. We also evaluated the adequacy of SSG's accounting records, internal controls and compliance with the contract and applicable guidelines. Contract services included providing HIV/AIDS case management, mental health psychotherapy, storefront HIV comprehensive risk counseling, and health education/risk reduction outreach.

At the time of our review, SSG had two fee-for-service contracts and four cost-reimbursement contracts with DPH's Office of AIDS Programs and Policy (OAPP), and was paid approximately $957,000 from March 2009 to July 2010. SSG's headquarters is in the First Supervisorial District.

## Results of Review

SSG provided services to individuals who met OAPP eligibility requirements, and maintained the required personnel records. SSG also properly recorded and deposited OAPP payments. However, the Agency billed OAPP $6,179 in questioned costs. Specifically, SSG:

- Did not maintain adequate documentation to support $2,284 in consultant costs.

  *SSG's attached response indicates that they will repay DPH the questioned costs, and that they have developed procedures to ensure adequate documentation is maintained for all consultant costs.*

- Charged OAPP for salaries, totaling $3,044, that were not supported by employee time records.

  *SSG's attached response indicates that they will repay the unsupported costs, and that they will ensure actual hours worked on OAPP contracts are reflected on employees' timesheets.*

- Did not maintain accounting records to support $851 reported on their Cost Reports.

  *SSG's attached response indicates that they will repay the unsupported costs and will ensure that backup documentation is filed to support the cost reports.*

The details of our review, along with recommendations for corrective action, are attached.

## Review of Report

We discussed our report with SSG and OAPP. In their attached response, SSG agreed to repay OAPP $6,179 in questioned costs, and to implement the other recommendations in our report.

We thank SSG management for their cooperation and assistance during our review. Please contact me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, M.D., Director, Department of Public Health
John Eckman, President, Board of Directors, SSG
Hebert Hatanaka, Executive Director, SSG
Public Information Office
Audit Committee

# SPECIAL SERVICE FOR GROUPS
# HIV/AIDS CARE AND PREVENTION SERVICES
# FROM MARCH 2009 TO JULY 2010

## ELIGIBILITY

### Objective

Determine whether Special Service for Groups (SSG or Agency) provided services to individuals who met the eligibility requirements of the Department of Public Health's (DPH) Office of AIDS Programs and Policy (OAPP) Program.

### Verification

We reviewed the case files for 14 Program participants who received case management-psychosocial services during March 2009 to July 2010 for documentation to confirm their eligibility for OAPP services.

### Results

The case files for the 14 Program participants sampled contained documentation to support the participants' eligibility to receive Program services.

#### 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.

### Verification

We interviewed Agency personnel and reviewed their financial records, including the Agency's February 2010 bank reconciliation.

### Results

SSG appropriately recorded and deposited OAPP payments timely into the Agency's bank account. In addition, the Agency reconciled its bank account on a monthly basis.

#### Recommendation

**None.**

## COST ALLOCATION PLAN

### Objective

Determine whether the Agency's Cost Allocation Plan was prepared in accordance with the County contract, and used to appropriately allocate shared Program expenditures.

### Verification

We reviewed SSG's Cost Allocation Plan and accounting records.

### Results

SSG's Cost Allocation Plan was prepared in accordance with the County contract and shared costs were appropriately allocated.

#### Recommendation

**None.**

## EXPENDITURES

### Objective

Determine whether Program-related expenditures were allowable under the County contract, properly documented, and accurately billed to OAPP.

### Verification

We interviewed Agency personnel and reviewed accounting records and documentation for 17 non-payroll expenditures, totaling $21,535, from June 2009 to July 2010.

### Results

SSG charged OAPP $2,284 for consulting services that were not sufficiently supported by the documentation they provided.

#### Recommendations

**SSG management:**

1. **Repay DPH $2,284.**
2. **Ensure that adequate supporting documentation is maintained for consulting services.**

## PAYROLL AND PERSONNEL

### Objective

Determine whether payroll expenditures were appropriately charged to OAPP. In addition, determine whether personnel files were maintained as required.

### Verification

We traced payroll expenditures for nine employees, totaling $21,642, for February 2010 to the Agency's personnel files and time reports. We also reviewed the employees' personnel files.

### Results

SSG maintained the required personnel records. However, the payroll expenditures billed to OAPP for two employees were not supported by the employees' time records. The unsupported amount totaled $3,044. In addition, three (17%) of 18 time records we reviewed were either not signed by the employee or a supervisor.

#### Recommendations

**SSG management:**

3. **Repay DPH $3,044.**

4. **Ensure payroll billings are based on actual hours spent by employees performing OAPP related activities.**

5. **Ensure that time records are signed by the employee and supervisor.**

## COST REPORTS

### Objective

Determine whether the Agency's Cost Reports reconciled to the Agency's accounting records.

### Verification

We traced the Agency's general ledgers to the Agency's Cost Reports submitted to OAPP for the periods ended February 2010 and June 2010.

### Results

SSG's accounting records did not support $851 in expenditures on the Agency's Cost Report.

## Recommendations

**SSG management:**

6. **Repay DPH $851.**

7. **Ensure that their Cost Reports are supported by the accounting records.**

April 11, 2011

*Herbert K Hatanaka, DSW*
*Executive Director*

*SSG PROGRAMS*
*Asian and Pacific Islander Mental Health Alliance*
*Asian Pacific AIDS Intervention Team (APAIT)*
*Asian Pacific Counseling & Treatment Centers (APCTC)*
*Asian Pacific Counseling & Treatment Centers - Metro Center*
*Asian Pacific Residential Treatment Program*
*Benefits Assistance Clients Urban Projects (BACUP)*
*Census Data & Geographic Information Services (CD&GIS)*
*Central Mental Health*
*Children's Dental & Outreach Project*
*Court Referral Service Project (CRS)*
*Faith In Communities (FIC)*
*Greater West Hollywood Food Coalition*
*Homeless Outreach Program (HOP)/ Integrated Care System (ICS)*
*Hurting & Hungry Project*
*Older Adults Program (OAP)*
*Occupational Therapy Training Program (OTTP)*
*Pacific Asian Alcohol & Drug Program (PAADP)*
*PALS for Health (PALS)*
*Parents Neighborhood Youth Program (PNYP)*
*Tongan Community Service Center*

*AFFILIATE ORGANIZATIONS*
*African American Alcohol and Other Drug Council (AAAOD)*
*Orange County Asian & Pacific Islander Community Alliance (OCAPICA)*
*Tessie Cleveland Community Services Corporation*

*BOARD MEMBERS*
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350 South Figueroa Street (8th floor)
Los Angeles, California 90071

Attention: Maria McGloin

**Re: Agency Response to Fiscal Review of Public Health HIV/AIDS Preventive Care Service Contract – March 2009 to July 2010**

Attached is Special Service for Groups' response to the fiscal review of Public Health HIV/AIDS Preventive Care Service Contract. Please note that SSG management will repay the following amounts upon receipt of OAPP's letter regarding this audit:

- $2,284.00 for overbilling of consultants' expenses.
- $3,044.00 for overbilling of staff's time on timesheets
- $851.00 for missing signed log sheet for tickets purchased for the LA Pride parade.

Please call Beth DeLosSantos at 213-553-1825 if you have any questions regarding these documents. Thank you.

Sincerely,

Herbert Hatanaka, DSW
Executive Director

Attachment

**SPECIAL SERVICE FOR GROUPS**
**RESPONSE TO FISCAL REVIEW OF HIV/AIDS**
**PREVENTION SERVICE CONTRACT**
**FISCAL YEAR 2009-2010**

**Expenditures**

**Recommendation:**

1. SSG management repays DPH $2,284.00.
2. Ensure that adequate supporting documentation is maintained for all OAPP expenditures.

**Agency's Response:**

1. SSG concurs with the finding. SSG will write a check for $2,284.00 upon receipt of letter from the county (OAPP) regarding this audit.
2. Program and fiscal personnel have developed joint procedures that will ensure that adequate documentation is maintained for all consultants paid under this contract.

**Payroll and Personnel**

**Recommendation:**

3. SSG management repays DPH $3,044.00
4. Ensure that payroll billings are based on actual hours spent by employees performing OAPP related activities.
5. Ensure that timecards are signed by the employee and supervisory personnel.

**Agency's Response:**

3. SSG concurs with the finding. SSG will write a check for $3,044.00 upon receipt of letter from the county (OAPP) regarding this audit.
4. SSG management will ensure that actual hours worked on OAPAP contracts are reflected on timesheets upon submission of the request for budget modification.

5. Although signatures of both employee and supervisor are required on timesheets, processing unsigned timesheets was a major oversight. In the future, SSG management will ensure that all timesheets are signed before processing payroll.

**Cost Reports**

**Recommendation:**

6. SSG management repays DPH $851.00.
7. Ensure that Cost Reports submitted to OAPP are supported by the accounting records prior to submitting the Cost Reports to OAPP.

**Agency's Response:**

6. SSG concurs with the finding. SSG will write a check for $851.00 upon receipt of letter from the county (OAPP) regarding this audit.
7. SSG management will ensure that backup documentation are filed according to cost centers' cost reports.