COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

May 11, 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: **RANCHO SAN ANTONIO BOYS HOME, INC. FISCAL REVIEW - A GROUP HOME FOSTER CARE CONTRACTOR**

At the request of the Department of Children and Family Services (DCFS), we reviewed the fiscal operations of Rancho San Antonio Boys Home, Inc., (Rancho or Agency) from July 1, 2009 through June 30, 2010. Rancho is licensed to operate a 106-bed facility. Rancho is located in the Fifth Supervisorial District.

DCFS and the Probation Department contract with Rancho to care for foster children placed in the Agency's home. DCFS paid Rancho $5,891 per child per month, based on a rate determined by the California Department of Social Services, for a total of $7,354,317 during Fiscal Year 2009-10.

The issuance of our report to your Board was delayed in part by changes in federal and State regulations regarding possible repayment of questioned costs from fiscal audits. To enable Rancho to begin taking corrective action immediately, we discussed the findings and recommendations from our review with the Agency on October 8, 2010.

Summary of Findings

Our review disclosed no unallowable or unsupported/inadequately supported costs. However, DCFS and Rancho need to work together to resolve some potential overpayments. In addition, Rancho needs to stregthen its controls over vehicle mileage logs, fixed assets and petty cash disbursements. Details of our findings are discussed in Attachment I.

DCFS should ensure that Rancho management takes action to address the recommendations in our report, and monitor to ensure that the actions result in permanent changes.

Review of Report

As noted earlier, we discussed our findings with Rancho management on October 8, 2010. The Agency's response, which is incorporated into DCFS' Fiscal Corrective Action Plan (Attachment II), indicates general agreement with our findings and recommendations.

This audit is not intended to be, and does not constitute, the discovery or identification of an overpayment for purposes of the federal Improper Payments Act, related California State laws, including but not necessarily limited to Welfare and Institutions Code sections 11466.23, 11466.235, 11466.24, etc., nor State regulations intended to implement either the federal Improper Payments Act or related provisions in State law. This audit is intended solely to assist DCFS in managing its contractual relationships. Consequently, this report will be forwarded to DCFS in order that it might take further action, as it deems appropriate, based on its contents. Such further action may, or may not, include the discovery or identification of an overpayment for purposes of federal or State law.

We thank Rancho management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Campbell at (213) 253-0101.

WLW:JLS:RGC:MWM

Attachments

c: William T Fujioka, Chief Executive Officer
Jackie Contreras, Ph.D., Interim Director, DCFS
Donald H. Blevins, Chief Probation Officer
Cynthia McCoy-Miller, Administrative Deputy, DCFS
Bro. John Crowe, Executive Director, Rancho San Antonio Boys Home, Inc.
Board of Directors, Rancho San Antonio Boys Home, Inc.
Cora Dixon, Bureau Chief, Foster Care Audits Bureau, CA Dept of Social Services
Commission for Children and Families
Public Information Office
Audit Committee

Rancho San Antonio Boys Home, Inc.
Fiscal Review

REVIEW OF EXPENDITURES/REVENUES

Our review disclosed no unallowable or unsupported/inadequately supported costs. However, DCFS and Rancho need to work together to resolve some potential overpayments. Details of these overpayments are discussed below.

Applicable Regulations and Guidelines

Rancho is required to operate its group home (GH) in accordance with the following federal, State and County regulations and guidelines:

- GH Contract, including the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook)
- Federal Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations (Circular)
- California Department of Social Services Manual of Policies and Procedures (CDSS-MPP)
- California Code of Regulations, Title 22 (Title 22)

Potential DCFS Overpayments

DCFS' records show some potential overpayments made to the Agency. DCFS should work with Rancho to resolve the potential overpayments, and collect any verified overpayments. Rancho management should ensure that any future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.

Recommendations

1. **DCFS work with Rancho to resolve the potential overpayments and collect any verified overpayments.**

2. **Rancho management ensure that any future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.**

CONTRACT COMPLIANCE AND INTERNAL CONTROLS

We noted some contract compliance issues and internal control weaknesses. DCFS should ensure that Rancho management takes action to address each of the contract

compliance and internal control recommendations in this report. DCFS should also monitor to ensure the actions result in permanent changes.

Vehicle Mileage Logs

A-C Handbook Section A.3.2 requires the Agency to maintain vehicle mileage logs showing the date, destination, purpose of trip, and beginning and ending odometer readings. We reviewed the Agency's mileage logs and noted that, while they do include the date, destination and purpose of the trip, they do not include beginning and ending odometer readings. The Agency needs to include odometer readings in their vehicle mileage logs.

Recommendation

3. **Rancho management ensure vehicle mileage logs include beginning and ending odometer readings.**

Fixed Assets Listing

A-C Handbook Section B.4.2 requires that agencies keep a current listing of fixed assets, including the item description, serial number, date of purchase, acquisition cost and source(s) of funding.

Rancho maintains a fixed asset listing, but the listing does not include all serial numbers or the source(s) of funding.

Recommendation

4. **Rancho management ensure its fixed asset listing includes all serial numbers and the source(s) of funding.**

Petty Cash

A-C Handbook Section B.2.3 states that a petty cash fund up to $500 may be maintained for payment of small incidental expenses. Petty cash funds over $500 must be approved in writing by DCFS.

We noted that Rancho maintains a $1,000 petty cash fund, but does not have written approval from DCFS for the higher balance. While the Agency may have a legitimate business need for a larger petty cash fund, Rancho must obtain written approval from DCFS.

Recommendation

5. **Rancho management obtain written approval from DCFS for the $1,000 petty cash fund.**

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

ANTONIA JIMÉNEZ
Acting Director

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

April 12, 2011

Brother John Crowe, Executive Director
Rancho San Antonio Boys Home, Inc.
21000 Plummer Street
Chatsworth, CA 91311-4903

Dear Mr. Crowe:

AUDITOR-CONTROLLER'S FISCAL AUDIT REPORT ON RANCHO SAN ANTONIO BOYS HOME, INC. – A GROUP HOME FOSTER CARE CONTRACTOR

We have reviewed your fiscal corrective action plan (FCAP) in response to the Auditor Controller's fiscal audit report for the period of July 1, 2009 through June 30, 2010. The FCAP fully addresses the audit report five (5) recommendations (see Attachment I).

DCFS requires that Rancho San Antonio Boys Home, Inc., submit all FCAP-related documents, as indicated in our response to the FCAP.

If you have any questions, please contact Ali Gomaa-Mersal of my staff at (213) 351-3209.

Sincerely,

Latisha Thompson

Latisha Thompson, ASM III
Fiscal Monitoring and Special Payments

Attachments

c: Mike McWatters, Chief Audit Division (via electronic mail only)
Sandra Gomez, Principal Accountant-Auditor (via electronic mail only)

ATTACHMENT I

FISCAL REVIEW OF
RANCHO SAN ANTONIO BOYS HOME, INC. - A GROUP HOME
FOSTER CARE CONTRACTOR

Note: Department of Children and Family Services (DCFS) will only review documentation not previously provided to the Auditor-Controller.

Summary of Recommendations

Based on the FCAP dated April 2, 2011, submitted by Rancho San Antonio Boys Home, Inc., status of each recommendation is summarized as follows:

- 5 Recommendations (1-5) were fully addressed.
- __ Recommendations (____) were partially addressed.
- 1 Recommendation (1) directed to the Department was addressed.

Recommendation Status

1. **DCFS work with Rancho to resolve the overpayments and collect any verified overpayments.**

   Agency Proposed FCAP: Rancho has two staff who works on resolving overpayments and underpayments. With our best efforts we seem to always have $87,000 in overpayments on our books. In trying to mail them back, when we receive the wrong payment, we are told to keep the money until they bill us for it.

   Rancho agrees to voluntary repayment, upon mutual agreement between the County and Rancho, that money requested is due to the County. Our experience has gone both ways after reviewing the records and then reach a mutual agreement. We have been a partner in providing services to the County of Los Angeles since 1938, and have always lived to our financial responsibilities

   DCFS Response: Please contact Luis Castaneda, Supervisor, Overpayment Unit, (213) 351-3212 to reconcile any overpayments on record. DCFS will require a signed repayment agreement for the reconciled overpayment balance.

2. **Rancho management ensure that any future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.**

Agency Proposed FCAP: Rancho has two staff who work on resolving overpayments and underpayments. On the underpayments we appear to have a long wait for start orders, for probation-places children to make it through the system, *and carry underpayments of approximately $250,000 on our books each month.*

Additionally, we are attaching a copy of a check which bears no name of the minor in placement. We receive an average of five such checks per month which requires hours of time to resolve.

We are open to any suggestion for improving these issues. Possibly one staff person to contact, instead of dealing with so many different staff.

DCFS Response: Please contact Mohammed Alam, Account Clerk II, Overpayment Unit, (213) 351-3217 to notify DCFS of any overpayments or to request the status of any existing overpayments on record.

3. **Rancho management ensure vehicle mileage logs include beginning and ending odometer readings.**

Agency Proposed FCAP: *See attached.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

4. **Rancho management ensure its fixed asset listing includes all serial numbers and the source of funding.**

Agency Proposed FCAP: DuraGaurd labeling system has been purchased and will be fixed to fixed assets. Accounting will ID source of funding by County or Donor.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

5. **Rancho Management obtains written approval from DCFS to maintain a petty cash balance greater than $500.**

Agency Proposed FCAP: *See attached.*

DCFS Response: Los Angeles County Probation Department approves the petty cash fund increase for Rancho San Antonio.

COUNTY OF LOS ANGELES

TS 0013502129

AUDITOR CONTROLLER'S GENERAL WARRANT
WARRANT CLEARANCE FUND, LOS ANGELES, CALIFORNIA

THE TREASURER OF THE COUNTY OF LOS ANGELES
500 W. TEMPLE ST., ROOM 907, LOS ANGELES, CA 90012

February 15, 2011

NOT PAYABLE AFTER TWO YEARS FROM DATE ISSUED

CONTROLLED DISBURSEMENT
PAYABLE THROUGH BANK OF AMERICA, N.A.
NORTHBROOK, ILLINOIS

70-2328
0719

PAY TO THE ORDER OF:

506877
APPS-024650
016

RANCHO SAN ANTONIO
21000 PLUMMER ST
CHATSWORTH, CA 91311-4903

Amount
$*******7,917.00

APPROVED
WENDY L. WATANABE, AUDITOR CONTROLLER
BY

PAY: Seven Thousand Nine Hundred Seventeen And 00/100 Dollars

⑈0013502129⑈ ⑆071923284⑆ 87659⑈15848⑈

DETACH HERE

COUNTY OF LOS ANGELES REMITTANCE ADVICE

PAYEE NAME	PAYEE NUMBER	HANDLING CODE
RANCHO SAN ANTONIO	506877	

PAYMENT REFERENCE NUMBER	DISB CAT	ISSUE DATE	AMOUNT	WARRANT NUMBER
SWR-CH-11000002102	016	02/15/2011	$7,917.00	0013502129

CD	DEPT	ID	INVOICE NUMBER	INV.DT	DESCRIPTION	AMOUNT
SWR	CH	11000002102			10 024650 0045718-03 01/2011	7,917.00

NOT NEGOTIABLE NOT NEGOTIABLE NOT NEGOTIABLE

For more information about this payment, please contact
THE DCFS PAYMENT HOTLINE AT 1- 800-697-4444

NOT NEGOTIABLE NOT NEGOTIABLE NOT NEGOTIABLE

#3

Driving Log

Update log on every trip
Make sure there is at least a "quarter tank" of gas at all times
Notify Campus Supervisor about any damages/concerns to vehicle
Make sure everyone is properly seat belted before departure
You are responsible for any "traffic/parking violations" while driving

2001 Dodge Van

Agency Vehicle Driving Log
2001 Dodge Van

Staff Name	Date	Time Out	Milage	Destination	# of Boys	Time In	Milage

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DuraGuard®

Asset Tags

Ship to You Tomorrow!

20% OFF!

FAX (800) 345-7819 PHONE (800) 243-6624 ORDER TODAY, USE SERVICE NUMBER DG467

1 SHIP TO: (please print)

NAME/TITLE Bro John C Rowe

COMPANY NAME Rancho San Antonio inc.

STREET ADDRESS 21000 Plummer ST

CITY Chatsworth STATE CA ZIP 91311

PURCHASE ORDER # 2/14/2011

SIGNATURE [illegible]

PHONE 818-882-6400 FAX 818 882-6404

E-MAIL ADDRESS Bro.John@RanchoSanAntonio.org

2 BILL TO: (if different than Ship To)

21000 Plummer ST

CITY Chatsworth STATE CA ZIP 91311

PHONE 818 882-6400 x 115

3 CHOOSE COLOR:

- [x] Dark Blue
- [ ] Light Blue
- [ ] Black
- [ ] Bright Red
- [ ] Burgundy
- [ ] Green

4 CHOOSE NUMBERING & BAR CODE:

- [ ] Consecutive Numbering - Starting Number 1-500
  (1-12 numbers or letters on 1-1/2" tag and 1-16 numbers or letters on 2" tag if choosing bar code option - see max character requirements)
- [ ] No Numbering or Bar Code

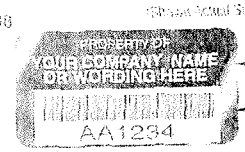
Optional FREE Bar Codes, select Symbology below:

- [ ] Code 39 Bar Code (max 7 char on 1-1/2" tag and 10 char on 2" tag)
- [ ] Code 128 Bar Code (max 9 char on 1-1/2" tag and 13 char on 2" tag)

5 CHOOSE STYLE AND FILL IN COPY:

[ ] Style No. L2686 (Shown Actual Size 1-1/2" x 3/4")

NOTE: Numbers and bar code will be printed in black on a silver & black background



Copy Area

Numbering & Bar Code Area

Specify exactly how you want your copy to appear (up to 3 lines). Maximum 24 characters per line (spaces included) to be printed. PROPERTY OF will be included as the first line.

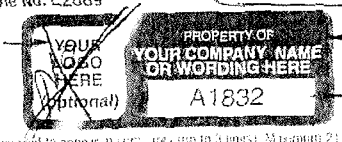
LINE 1 PROPERTY OF

2

3

[ ] Style No. L2689 (Shown Actual Size 2" x 3/4")

Logo Area



Copy Area

Numbering & Bar Code Area

Specify exactly how you want your copy to appear (up to 3 lines). Maximum 21 characters per line (spaces included) and 26 characters per line if no logo. Your logo can be included at no extra charge. Send camera-ready artwork or graphic formats (.tif, .bmp, .jpg) requested to get best results. PROPERTY OF will be included as the first line.

LINE 1 PROPERTY OF

2

3

6 CHOOSE QUANTITY:

Style No. L2686

Qty	Price per 100 tags	Special Offer 20% OFF Price per 100 tags*
Standard	[illegible]	51.52 per 100 tags
500	[illegible]	125.44 per 100 tags
1000	[illegible]	87.80 per 100 tags
2500	[illegible]	82.64 per 100 tags

[x] Style No. L2689

Qty	Price per 100 tags	Special Offer 20% OFF Price per 100 tags*
200 min	137.20	137.76 per 100 tags
500	[illegible]	140.48 per 100 tags
1000	125.00	103.24 per 100 tags
2500	95.00	76.24 per 100 tags

*Valid for purchases via phone, or fax. Non-tax customers add applicable sales tax. Offer cannot be combined with other discounts or applied to previous orders. Offer expires 2/20/11

7 CHOOSE PAYMENT & SHIPPING METHOD:

[ ] Bill to credit card (up to 3 credit card lines on your PO) Exp. Date

[ ] Check (Net 30 days)

Charge to my: [ ] VISA [ ] MC [ ] AMEX

Expiration Date

Card Data

Please choose shipping method:

[x] Standard Ground

[ ] Other (please specify)

1 27 320 41

Wed. next week

Whether you use Bar Codes now or you're planning for the future, add Bar Codes to your DuraGuard tags at no additional charge!

DO ORDER, FAX THIS FORM TO:

800-345-7819

SSECCA

#5

Since 1933

RANCHO SAN ANTONIO BOYS HOME, Inc.

21000 Plummer Street
Chatsworth
California
91311

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

February 22, 2011

Ali Gomma-Mersal, Financial Specialist IV
Fiscal Monitoring & Special Payments
425 Shatto Place, Room 304
Los Angeles, California 90020

Dear Mr. Gomaa,

Rancho San Antonio has been in operation since 1938, providing services each year to over two-hundred youngsters and their families.

Our budget exceeds eight-million dollars per year, and we find it impossible to function with a five-hundred dollar petty cash fund. We currently have three funds for separate purchases and request a seven-hundred dollar limit on each fund.

Sincerely,

RANCHO SAN ANTONIO BOYS HOME, Inc.

Brother John Crowe, C.S.C.
Chief Executive Officer

BJC/tn