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June 20, 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: **CITY OF LONG BEACH PREVENTIVE HEALTH BUREAU – A DEPARTMENT OF PUBLIC HEALTH HIV/AIDS CARE AND PREVENTION SERVICES CONTRACT PROVIDER – FISCAL REVIEW**

We completed a review of the City of Long Beach Preventive Health Bureau (Bureau), a County Department of Public Health (DPH) HIV/AIDS Office of AIDS Programs and Policy (OAPP) care and prevention contract services provider. The purpose of our review was to determine whether the Bureau provided the services to eligible participants, and spent funds in accordance with their County contract. We also evaluated the adequacy of the Bureau's accounting records, internal controls, and compliance with the contract and applicable guidelines. The Bureau's contract services include providing HIV/AIDS ambulatory/outpatient medical services, psychosocial case management, treatment education and health education/risk outreach services. The Bureau provides services in the Fourth Supervisorial District.

At the time of our review, the Bureau had three cost-reimbursement contracts. Our review also included one other OAPP cost-reimbursement contract that was terminated before the end of the contract term due to a curtailment in funding. OAPP paid the Bureau approximately $559,000 for the four contracts from March 2009 to June 2010.

Results of Review

The Bureau provided services to individuals who met the OAPP eligibility requirements, and maintained the required personnel records. However, the Bureau did not:

- Update their client fee schedule to reflect changes in the federal poverty income levels as required.

  The Bureau's attached response indicates that they will update their fee schedule and submit it to OAPP for approval.

- Ensure that the expenditures on their Cost Reports reconciled to their accounting records.

  The Bureau's attached response indicates that they have established clear policies and procedures to improve how they track Program costs.

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

Review of Report

We discussed our report with the Bureau and OAPP. In their response, the Bureau indicates agreement with our findings and recommendations.

We thank the Bureau 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:JLS:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, M.D., Director, Department of Public Health
Patrick H. West, City Manager, City of Long Beach
Nettie DeAugustine, Preventive Health Bureau Manager, City of Long Beach
Public Information Office
Audit Committee

CITY OF LONG BEACH PREVENTIVE HEALTH BUREAU
HIV/AIDS CARE AND PREVENTION SERVICES
FISCAL YEAR 2009-10

ELIGIBILITY

Objective

Determine whether the City of Long Beach Preventive Health Bureau (Bureau) provided services to individuals who met the eligibility requirements of the Office of AIDS Programs and Policy (OAPP).

Verification

We reviewed the case files for 15 participants who received services from March 2009 to March 2010 for documentation of their eligibility for OAPP services.

Results

The case files for all 15 participants reviewed contained documentation that they were eligible for OAPP services. However, the Bureau's client fee schedule has not been updated to reflect changes in federal poverty income levels since 2007, and was not approved by OAPP, as required.

Recommendation

1. **Bureau management ensure that the client fee schedule is updated annually to reflect changes in federal poverty income levels, and submit the schedule to OAPP for approval.**

CASH/REVENUE

Objective

Determine whether the Bureau deposited cash receipts timely and properly recorded revenue in the Bureau's records.

Verification

We interviewed Bureau personnel and reviewed their accounting records. We also reviewed the Bureau's bank reconciliation for May 2010.

Results

The Bureau deposited OAPP payments timely and recorded revenue properly.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether the Bureau prepared its Cost Allocation Plan in compliance with the County contract, and used the Plan to allocate shared costs appropriately.

Verification

We reviewed the Bureau's Cost Allocation Plan, and a sample of shared expenditures incurred from March 2009 to June 2010, to ensure that expenditures were allocated to the OAPP Program appropriately.

Results

The Bureau's Cost Allocation Plan was in compliance with the County contract, and the costs were allocated to the OAPP Program appropriately.

Recommendation

None.

EXPENDITURES

Objective

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

Verification

We interviewed Bureau personnel, and reviewed accounting records and documentation for 24 non-payroll OAPP expenditure transactions, between March 2009 and June 2010, totaling $43,242.

Results

The Bureau's expenditures were allowable, documented properly and billed accurately to the OAPP Program.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the OAPP Program. In addition, determine whether the Bureau's personnel files were maintained as required.

Verification

We reviewed payroll expenditures, totaling $13,520, for five employees for January 2010, and reviewed personnel files for the five employees. We also traced the payroll expenditures to payroll records and time reports.

Results

The Bureau charged payroll expenditures to the OAPP Program appropriately and maintained personnel files as required by the County contract.

Recommendation

None.

COST REPORTS

Objective

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

Verification

We traced the Bureau's Cost Reports to their accounting records for May 2009, October 2009 and February 2010.

Results

The Bureau's expenditures reported on their Cost Reports exceeded their accounting records by a total of $2,000. After our fieldwork, the Bureau provided additional documentation to support the $2,000 in questioned costs.

Recommendation

2. **Bureau management ensure OAPP Cost Reports are supported by the Bureau's accounting records.**

CITY OF LONG BEACH

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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BUREAU OF PREVENTIVE HEALTH

May 4, 2011

Ms. Wendy L. Watanabe
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012

SUBJECT: CITY OF LONG BEACH CONTRACT REVIEW- DEPARTMENT OF PUBLIC HEALTH HIV/AIDS CARE AND PREVENTION SERVICES PROVIDER

Dear Ms. Watanabe:

This letter serves as an acknowledgement of your contract fiscal review report for HIV/AIDS Care and Prevention Services contracts for fiscal year 2009-2010. The recommendations are addressed below with specific action steps for improvement:

Recommendation 1: Long Beach management ensure that the fee schedule is updated annually to reflect changes in federal poverty income levels and submit to OAPP for approval.

Corrective Plan of Action: The LBDHHS will submit the updated Department fee schedule to OAPP for approval on an annual basis once approved by the Long Beach City Council. Ms. Sarady Kong, Fiscal Analyst for the Bureau of Preventive Health, will submit the fee schedule to OAPP at the beginning of each calendar year.

Recommendation 2: Long Beach management ensure Cost Reports are supported by the agency's accounting records.

Corrective Plan of Action: With the recent hiring of our Administrative Analyst, Ms. Gina Krueger, clear policies and procedures for improving the way the Department tracks programmatic costs have been instituted. The LBDHHS will maintain contract files with backup documentation for program expenses and invoices submitted to OAPP.

Thank you for your feedback and the opportunity to further improve upon our grant administration policies and procedures. We look forward to a continued collaborative relationship with Los Angeles County Department of Public Health.

Sincerely,

Cheryl A Barrit for Nettie DeAugustine

Nettie DeAugustine
Preventive Health Bureau Manager