COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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September 1, 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: **LEGAL AID FOUNDATION OF LOS ANGELES – A DEPARTMENT OF PUBLIC SOCIAL SERVICES DOMESTIC VIOLENCE SUPPORTIVE SERVICES PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a review of Legal Aid Foundation of Los Angeles (LAFLA or Agency), a Department of Public Social Services (DPSS) Domestic Violence Supportive Services (DVSS) Program provider. Our review covered a sample of transactions from Fiscal Years 2009-10 and 2010-11. DPSS contracts with LAFLA, a non-profit organization, to provide services to eligible participants who have been victims of domestic violence. DVSS Program services include performing assessments, facilitating shelter assistance, and providing legal assistance for the victims.

The purpose of our review was to determine whether LAFLA appropriately accounted for and spent DVSS funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls, and compliance with the contract and the applicable guidelines.

DPSS paid the Agency approximately $756,000 on a cost-reimbursement basis during Fiscal Year 2009-10. LAFLA provides services to residents in all Supervisorial Districts.

Results of Review

LAFLA provided services to individuals who met DVSS Program eligibility requirements, and their staff had the required qualifications. In addition, LAFLA maintained adequate internal controls. However, LAFLA did not always comply with all of the County contract requirements. Specifically, LAFLA:

- Overbilled DPSS $628 for payroll expenditures due to a data entry error.

  After our review, LAFLA repaid the $628 to DPSS. LAFLA's attached response indicates that they will ensure their payroll expenditures are billed accurately,

- Did not always obtain required criminal background clearances for DVSS Program employees.

  LAFLA's attached response indicates that they will obtain criminal background clearances for DVSS Program employees.

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

Review of Report

We discussed our report with LAFLA and DPSS in July 2011. LAFLA's response (Attachment) indicates agreement with our findings and recommendations. DPSS will work with LAFLA to ensure that our recommendations are implemented.

We thank LAFLA 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:JLS:DC:AA

Attachments

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Acting Director, Department of Public Social Services
Neil B. Martin, Board President, Legal Aid Foundation of Los Angeles
Silvia Argueta, Executive Director, Legal Aid Foundation of Los Angeles
Public Information Office
Audit Committee

LEGAL AID FOUNDATION OF LOS ANGELES
DOMESTIC VIOLENCE SUPPORTIVE SERVICES PROGRAM
FISCAL YEAR 2010-11

ELIGIBILITY

Objective

Determine whether Legal Aid Foundation of Los Angeles (LAFLA or Agency) provided services to individuals who met the Domestic Violence Supportive Services (DVSS) Program eligibility requirements.

Verification

We reviewed the case files for eight (5%) of the 162 participants who received services during August and September 2010 for documentation of their eligibility for DVSS Program services.

Results

LAFLA's case files had documentation of the eight participants' eligibility for DVSS Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether LAFLA provided the services according with the County contract and DVSS Program guidelines. In addition, determine whether the Program participants received the billed services.

Verification

We visited LAFLA's service site, and reviewed the case files for eight (5%) of the 162 participants who received services during August and September 2010.

Results

LAFLA provided the services in accordance with the County contract.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether LAFLA staff had the qualifications required by the County contract.

Verification

We reviewed the personnel files for seven (29%) of the 24 LAFLA employees who worked on the DVSS Program.

Results

LAFLA's staff had the required qualifications.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether LAFLA's cash receipts and revenue were recorded properly in the Agency's financial records, and whether cash receipts were deposited in the Agency's bank account timely.

Verification

We interviewed LAFLA management, and reviewed the Agency's financial records and September 2010 bank reconciliation.

Results

LAFLA recorded cash receipts and revenue properly, and deposited cash receipts timely.

Recommendation

None.

EXPENDITURES/PROCUREMENT

Objective

Determine whether expenditures charged to the DVSS Program were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed LAFLA's personnel, and reviewed financial records and documents for $4,517 in non-payroll expenditures, that the Agency charged to the DVSS Program from August through September 2010.

Results

LAFLA's expenditures were allowable, properly documented, and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether LAFLA charged payroll costs to the DVSS Program appropriately. Also, determine whether LAFLA obtained required criminal background clearances and employment eligibility for DVSS Program employees.

Verification

We traced the payroll costs for seven employees, totaling $27,430, for September 2010 to the Agency's payroll records and time reports. We also interviewed staff, and reviewed personnel files for seven DVSS Program staff.

Results

LAFLA overbilled DPSS $628 in salary and benefit costs for one (14%) of the seven employees reviewed due to a data entry error. In addition, LAFLA did not obtain criminal background clearances for three (43%) of the seven staff reviewed. After our review, LAFLA repaid the $628 to DPSS, and indicated they will obtain background clearances for the three employees and any other employees working on the DVSS Program.

Recommendations

LAFLA management:

1. **Ensure payroll expenditures billed to the program are based on actual salaries.**

2. **Obtain criminal background clearances for all DVSS Program employees.**

COST ALLOCATION PLAN

Objective

Determine whether LAFLA's Cost Allocation Plan was prepared in compliance with their County contract, and was used to appropriately allocate shared costs.

Verification

We reviewed the Agency's Cost Allocation Plan, and a sample of expenditures for Fiscal Year (FY) 2009-10.

Results

LAFLA's Cost Allocation Plan was prepared in compliance with the County contract, and the Agency appropriately allocated their shared costs.

Recommendation

None.

CLOSE-OUT REVIEW

Objective

Determine whether LAFLA had any unspent revenue during FY 2009-10 that should be returned to DPSS.

Verification

We traced the total revenues and expenditures indicated on LAFLA's FY 2009-10 close-out report to the Agency's accounting records and to DPSS' payment records.

Results

LAFLA did not have any unspent revenue during FY 2009-10.

Recommendation

None.

Legal Aid Foundation of Los Angeles

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July 8, 2011

Wendy Watanabe, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street, 8th Floor
Los Angeles, CA 90071

Re: Legal Aid Foundation of Los Angeles Domestic Violence Supportive Services Program Fiscal Year 2010-11 Final Management Response Letter

Dear Ms. Watanabe, below is the Legal Aid Foundation of Los Angeles's (LAFLA) Final Management Response to the draft audit report issued on June 17, 2011:

ELIGIBILITY
Recommendation - None.
Corrective Action Plan – LAFLA accepts this recommendation

PROGRAM SERVICES
Recommendation - None.
Corrective Action Plan – LAFLA accepts this recommendation

STAFFING QUALIFICATIONS
Recommendation - None.
Corrective Action Plan – LAFLA accepts this recommendation

CASH/REVENUE
Recommendation - None.
Corrective Action Plan – LAFLA accepts this recommendation

EXPENDITURES/PROCUREMENT
Recommendation - None.
Corrective Action Plan – LAFLA accepts this recommendation

PAYROLL AND PERSONNEL

Recommendations

Legal Aid management:

1. Ensure payroll expenditures billed to the program are based on actual salaries.

2. Obtain criminal background clearances for all DVSS Program employees.

Corrective Action Plan

1. LAFLA will ensure that payroll expenditures billed to the CalWORKs program are based on actual salaries.

2. LAFLA will obtain criminal clearances of the non-attorney staff members billed to the contract who work directly with clients. LAFLA agrees with the Auditor-Controller's position that the California Bar license is adequate documentation of a criminal background clearance for the attorney staff members.

COST ALLOCATION PLAN

Recommendation - None.

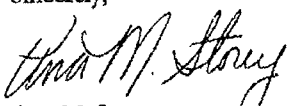
Corrective Action Plan – LAFLA accepts this recommendation

CLOSE-OUT REVIEW

Recommendation - None.

Corrective Action Plan – LAFLA accepts this recommendation

Sincerely,



Ana M. Storey
Managing Attorney, West Office

cc Silvia Argueta, Executive Director, LAFLA