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DEPARTMENT OF AUDITOR-CONTROLLER

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September 14, 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: **YWCA OF SAN GABRIEL VALLEY – A DEPARTMENT OF PUBLIC SOCIAL SERVICES' DOMESTIC VIOLENCE SUPPORTIVE SERVICES PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a review of YWCA of San Gabriel (YWCA 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 (FY) 2009-10 and 2010-11. DPSS contracts with YWCA, 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 YWCA appropriately accounted for and spent DVSS funds to provide the services outlined in their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with their County contract and other applicable guidelines.

DPSS paid the Agency approximately $364,000 on a cost-reimbursement basis during Fiscal Year 2009-10. YWCA provides services to residents of the Fifth Supervisorial District.

Results of Review

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

- Overbilled DPSS $7,183 for non-payroll expenditures by allocating 100% of these shared costs to the DVSS Program, instead of allocating the costs among the Agency's programs.

  YWCA has repaid the overbilling, and the Agency's attached response indicates that they are now using an allowable method to allocate shared costs

- Overbilled DPSS $789 for payroll costs by inappropriately allocating costs based on estimates, instead of actual hours worked.

  YWCA has repaid the overbilling, and the Agency's attached response indicates that they are now allocating payroll costs based on actual hours worked.

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

Review of Report

We discussed our report with YWCA and DPSS in August 2011. YWCA's attached response indicates agreement with our findings and recommendations. DPSS indicated that they will work with YWCA to ensure that the recommendations are implemented.

We thank YWCA 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

Attachment

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Acting Director, Department of Public Social Services
Anita Ron, Board President, YWCA of San Gabriel
Lisa Brabo, Executive Director, YWCA of San Gabriel
Public Information Office
Audit Committee

YWCA OF SAN GABRIEL VALLEY
DOMESTIC VIOLENCE SUPPORTIVE SERVICES PROGRAM
FISCAL YEAR 2010-11

ELIGIBILITY

Objective

Determine whether YWCA of San Gabriel (YWCA or Agency) provided services to individuals who met the Domestic Violence Supportive Services (DVSS) Program eligibility requirements.

Verification

We reviewed the case files for nine (36%) of the 25 participants who received services during July and August 2010 for documentation to confirm their eligibility for DVSS Program services.

Results

YWCA had documentation to support the nine participants' eligibility for DVSS Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether YWCA provided the services in accordance with their County contract and DVSS Program guidelines. In addition, determine whether the Program participants received the billed services.

Verification

We visited two (66%) of the three YWCA service sites, and reviewed the case files for nine (36%) of the 25 participants who received services during July and August 2010.

Results

YWCA provided Program services in accordance with the County contract.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

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

Verification

We reviewed the personnel files for six (25%) of the 24 YWCA employees who worked on the DVSS Program.

Results

YWCA staff had the required qualifications.

Recommendation

None.

CASH/REVENUE

Objective

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

Verification

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

Results

YWCA 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 YWCA's personnel, and reviewed financial records and documents for $7,934 in non-payroll expenditures, that the Agency charged to the DVSS Program from July through October 2010.

Results

YWCA inappropriately allocated $2,932 (37%) of the $7,934 non-payroll expenditures reviewed to the DVSS Program. Specifically, YWCA allocated 100% of these shared costs to the DVSS Program, instead of allocating the costs among the Agency's programs. As a result, we expanded our review, and noted that YWCA inappropriately allocated an additional $5,519 in Fiscal Year (FY) 2010-11 non-payroll expenditures to the DVSS program. YWCA subsequently provided documentation that only 15% of these costs should have been billed to the DVSS Program, resulting in YWCA overbilling DPSS by a total of $7,183 for non-payroll expenditures.

Recommendations

YWCA management:

1. **Repay DPSS $7,183.**
2. **Ensure that shared non-payroll expenditures are allocated among all the Agency's programs.**

PAYROLL AND PERSONNEL

Objective

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

Verification

We traced the payroll costs for six employees, totaling $7,155, for September 2010 to the Agency's payroll records and time reports. We also interviewed staff, and reviewed personnel files for six DVSS Program staff.

Results

YWCA inappropriately allocated $2,427 (34%) of the $7,155 payroll costs reviewed to the DVSS Program for two employees in our sample who worked on County and non-County programs. Specifically, YWCA used estimated hours worked to allocate the two employees' salaries, instead of actual hours worked. After our review, the Agency provided documentation to support $1,638 of the payroll costs, which reduces the overbilling to $789. The overbilling noted in the one month we reviewed could indicate overbillings in other months. YWCA should review and reallocate all payroll costs charged to the DVSS Program during FY 2010-2011, provide DPSS with supporting documentation, and repay any overbilled amounts. YWCA should also allocate payroll costs based on actual hours worked and maintain supporting documentation.

Recommendations

YWCA management:

3. **Repay DPSS $789.**

4. **Review and reallocate all payroll costs charged to the DVSS Program during FY 2010-11, provide DPSS with supporting documentation and repay any overbilled amounts**

5. **Allocate payroll costs based on the actual hours worked, and maintain supporting documentation.**

COST ALLOCATION PLAN

Objective

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

Verification

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

Results

YWCA's Cost Allocation Plan was prepared in compliance with their County contract. However, YWCA did not appropriately allocate shared non-payroll and payroll costs to the DVSS Program as discussed above.

Recommendation

None.

CLOSE-OUT REVIEW

Objective

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

Verification

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

Results

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

Recommendation

None.

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ywca

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SENIOR SERVICES
YWCA Intervale
24-Hour Message Line: 626.214.9465

DOMESTIC VIOLENCE
YWCA WINGS
24-Hour Help Line: 626.967.0658

August 3, 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

Dear Ms. Watanabe:

Thank you for the Contract Compliance Review Report dated July 21, 2011 for the YWCA San Gabriel Valley as a provider of domestic violence supportive services. This is the requested Management Response Letter.

The YWCA San Gabriel Valley agrees with the findings and recommendations of the Los Angeles County Auditor Controller Office. There were two areas of recommended actions in the report, and both have already been addressed, as follows:

Result, Recommendation, and Response #1

Result: YWCA inappropriately allocated $2,932 (37%) of the $7,934 non-payroll expenditures reviewed to the DVSS Program. Specifically, YWCA allocated 100% of these shared costs to the DVSS Program rather than allocating the costs between the Agency's programs. As a result, we expanded our review and noted YWCA also inappropriately allocated an additional $5,519 in Fiscal Year (FY) 2010-11 non-payroll expenditures. YWCA subsequently provided documentation that only 15% of the costs should be billed to the DVSS Program, resulting in YWCA overbilling DPSS by $7,185.

Recommendations: YWCA management:

- Repay DPSS $7,185.
- Ensure that shared non-payroll expenditures are allocated in compliance with the County Contract.

Response: Once this determination of 100% allocation on a temporary basis was found to be unacceptable, our accounting staff changed the procedure and now apply the cost allocation plan to all expenses in compliance with the County Contract. We also modified our general

ledger to correct this matter and adjusted our January 2011 and February 2011 invoices to allow the County to recapture previous over billing in the various cost categories. Thus, the $7,185 has been repaid.

Result, Recommendation, and Response #2

Results: YWCA inappropriately allocated $2,427 (34%) of the $7,155 payroll costs reviewed to the DVSS Program for two employees in our sample who worked on County and non-County programs. Specifically, YWCA used allocation rates for the two employees that were based on estimates rather than actual hours worked. Subsequently, the Agency provided documentation to support $1,638, resulting in overbilling DPSS by $789.

Recommendations: YWCA management:

- Repay DPSS $789.
- Review and reallocate all payroll costs charged to the DVSS Program during FY 2010-11, provide DPSS with supporting documentation and repay any overbilled amounts
- Allocate payroll costs based on the actual hours worked and maintain supporting documentation.

Response: The YWCA San Gabriel Valley conducted a 5-week time study of domestic violence services staff to establish correct billable hours. After the time study was completed and accepted for accuracy by the County Controller's Office Auditing team we adjusted our payroll allocation back to July 2010 accordingly. We also modified our general ledger to correct this matter and adjusted our January 2011 and February 2011 invoices to allow the County to recapture previous over billing in various cost categories. Thus the $789 has been repaid. The time study of domestic violence services staff will now be completed annually to ensure correct billable hours as we go forward.

The auditing team provided very helpful information about how we could appropriately resolve these matters. Thank you very much for the assistance.

Sincerely,

Lisa Brabo, Ph.D.
Executive Director