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DEPARTMENT OF AUDITOR-CONTROLLER

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November 7, 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

Wendy L Watanabe
by Schneiderman

SUBJECT: **SU CASA – ENDING DOMESTIC VIOLENCE – A DEPARTMENT OF PUBLIC SOCIAL SERVICES DOMESTIC VIOLENCE PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a review of Su Casa – Ending Domestic Violence (Su Casa or Agency), a Department of Public Social Services (DPSS) Domestic Violence Supportive Services (DVSS) Program, and Community Service Block Grant Domestic Violence Services (CSBG-DVS) Program provider. Our review covered a sample of transactions from Fiscal Years (FYs) 2009-10 and 2010-11. DPSS contracts with Su Casa, a non-profit organization, for the Agency to provide services to eligible participants who have been victims of domestic violence. DVSS Program and CSBG-DVS Program (DV Programs) services include performing assessments, facilitating shelter assistance, and providing legal assistance for the victims.

The purpose of our review was to determine whether Su Casa appropriately accounted for and spent DV Program funds to provide the services outlined in their County contracts. We also evaluated the Agency's accounting records, internal controls, and compliance with their contracts and other applicable guidelines.

DPSS paid the Agency approximately $145,000 a year on a cost-reimbursement basis for the DVSS Program for FYs 2009-10 and 2010-11. DPSS also paid Su Casa approximately $60,000 a year on a fixed-fee basis for the CSBG-DVS Program for FYs 2009-10 and 2010-11. Su Casa provides services to residents of the Fourth Supervisorial District.

Results of Review

Su Casa provided services to individuals who met the DV Programs' eligibility requirements, and Agency staff had the required qualifications. However, Su Casa did not always comply with all of the County contract requirements. Specifically, Su Casa:

- Did not have documentation to support the allocation of $4,088 (100%) in shared non-payroll expenditures reviewed that were charged to the DV Programs.

  Su Casa's attached response indicates that they corrected their allocation method, and reviewed their non-payroll expenditures for FY 2010-11, and determined that no repayments are necessary. DPSS subsequently confirmed that the Agency corrected their allocation method, and that Su Casa's revised documentation indicates that they did not overbill DPSS.

- Inappropriately allocated $2,729 (36%) of the $7,623 in payroll costs reviewed to the DVSS Program based on estimates, instead of actual hours worked.

  Su Casa's attached response indicates that they are now allocating payroll costs based on actual hours worked. DPSS subsequently confirmed that the Agency corrected their allocation method, and that Su Casa's revised documentation indicates that they did not overbill DPSS.

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

Review of Report

We discussed our report with Su Casa and DPSS on August 25, 2011. Su Casa's attached response indicates agreement with our findings and recommendations. DPSS will work with Su Casa to ensure that our recommendations are implemented.

We thank Su Casa management for their cooperation and assistance during our 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
Jamie Hamilton, Board President, Su Casa
Vicki Doolittle, Executive Director, Su Casa
Public Information Office
Audit Committee

SU CASA – ENDING DOMESTIC VIOLENCE
DOMESTIC VIOLENCE PROGRAMS
FISCAL YEARS 2009-10 and 2010-11

ELIGIBILITY

Objective

Determine whether Su Casa - Ending Domestic Violence (Su Casa or Agency) provided services to individuals who met the Domestic Violence Supportive Services (DVSS) Program or the Community Service Block Grant Domestic Violence Services (CSBG-DVS) Program eligibility requirements.

Verification

We reviewed the case files for ten (25%) of the 40 participants who received services during September and October 2010 for documentation to confirm their eligibility for DVSS or CSBG-DVS Program services.

Results

Su Casa had documentation to support the ten participants' eligibility for DVSS or CSBG-DVS Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether Su Casa provided the services required by their County contracts, and DVSS or CSBG-DVS Program (DV Programs) guidelines. In addition, determine whether the Program participants received the billed services.

Verification

We visited Su Casa's three service sites, and reviewed the case files for ten (25%) of the 40 participants who received services during September and October 2010.

Results

Su Casa provided services in accordance with the County contracts.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether Su Casa staff had the qualifications required by the County contracts.

Verification

We reviewed the personnel files for seven (35%) of the 20 Su Casa employees who worked on the DV Programs.

Results

Su Casa staff had the required qualifications.

Recommendation

None.

CASH/REVENUE

Objective

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

Verification

We interviewed Su Casa management, and reviewed the Agency's financial records and October 2010 bank reconciliation.

Results

Su Casa recorded cash receipts and revenue properly, and deposited cash receipts timely.

Recommendation

None.

EXPENDITURES/PROCUREMENT

Objective

Determine whether expenditures charged to the DV Programs were allowable under the County contracts, properly documented, and accurately billed.

Verification

We interviewed Su Casa's personnel, and reviewed financial records and documentation for $4,088 in non-payroll expenditures, that the Agency charged to the DV Programs from July through September 2010.

Results

Su Casa did not have documentation to support the allocation of the $4,088 (100%) in shared non-payroll expenditures reviewed that was charged to the DV Programs.

Recommendations

Su Casa management:

1. **Review and reallocate all shared non-payroll expenditures charged to the DV Programs during Fiscal Year 2010-11, provide DPSS with supporting documentation, and repay any overbilled amounts.**

2. **Ensure that shared non-payroll expenditures are allocated in compliance with the County contracts, and maintain supporting documentation.**

PAYROLL AND PERSONNEL

Objective

Determine whether Su Casa charged payroll costs to the DV Programs appropriately, and obtained required criminal background clearances and employment eligibility for DV Program employees.

Verification

We traced the payroll costs for seven employees, totaling $7,623, for October 2010 to the Agency's payroll records and time reports. We also interviewed staff, and reviewed personnel files for seven staff working on the DV Programs.

Results

Su Casa obtained required background clearances and employment eligibility for DVSS Program staff. However, Su Casa inappropriately allocated $2,729 (36%) of the $7,623 in payroll costs reviewed to the DVSS Program. Specifically, the Agency allocated the payroll costs based on estimates, instead of actual hours worked.

Recommendations

Su Casa management:

3. **Review and reallocate all payroll costs charged to the DV Programs during Fiscal Year 2010-11, provide DPSS with supporting documentation, and repay any overbilled amounts.**

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

COST ALLOCATION PLAN

Objective

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

Verification

We reviewed the Cost Allocation Plan, and a sample of expenditures for July through October 2010.

Results

Su Casa's Cost Allocation Plan was prepared in compliance with the County contract. However, Su Casa did not allocate shared costs to the DV Programs appropriately as discussed above.

Recommendation

None.

CLOSE-OUT REVIEW

Objective

Determine whether Su Casa had any unspent revenue for the DV Programs for Fiscal Year (FY) 2009-10.

Verification

We traced the total revenues and expenditures indicated on Su Casa's close-out reports to the Agency's accounting records, and to DPSS' payment records.

Results

Su Casa did not have any unspent revenue for the DV Programs for FY 2009-10.

Recommendation

None.

September 1, 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

SUBJECT: SU CASA ~ ENDING DOMESTIC VIOLIENCE – A DEPARTMENT OF PUBLIC SOCIAL SERVICES DOMESTIC VIOLENCE PROGRAMS PROVIDER – CONTRACT COMPLIANCE REVIEW RESPONSE TO LETTER DATED AUGUST 30, 2011

Dear Ms. Watanabe:

We have reviewed the draft report submitted by the County Auditor-Controller pursuant to the contract compliance review of the above-referenced contracts. We take the findings and recommendations seriously and in accordance with instructions furnished at the outset of the review, will respond to each finding, and specify agreement or disagreement and our reasons. The corrective action plan will include how each concern is being addressed and approximately when the remedies will be implemented.

Recommendation #1: Review and reallocate all shared non-payroll expenditures charged to the DV Programs during Fiscal Year 2010-11, provide DPSS with supporting documentation, and repay any overbilled amounts.

Recommendation #2: Ensure that shared non-payroll expenditures are allocated in compliance with the County contracts and maintain supporting documentation.

Recommendations 1 and 2 refer to accounting errors in allocation non-payroll costs. We concur that Su Casa's finance staff incorrectly charged rent, telephone and consulting costs in the first two months of the fiscal year. In response to this finding, we have reviewed all non-payroll costs allocated the programs for the rest of the year and determined that though these costs were incorrectly billed in the first two months, no overbilling to the contracts occurred. We have reviewed and corrected the allocation methodology allocation basis and percentages for the current fiscal year to ensure that expenditures are allocated in compliance with the OMB Circular A-122, the County Auditor-Controller's Handbook, and our County contracts and have supporting documentation.

Recommendation #3: Review and reallocate all payroll costs charged to the DV Programs during Fiscal Year 2010-11, provide DPSS with supporting documentation and repay any overbilled amounts.

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Recommendation #4: Allocate payroll costs based on the actual hours worked and maintain supporting documentations.

Recommendations 3 and 4 refer to errors made by our staff in allocating their time to the various federal, state and county contracts. Su Casa agrees that the allocation of payroll costs was based on contract percentages rather than hours reported on the employee timecards. We will review and reallocate payroll costs if needed and provide DPSS with the results of our review. Su Casa will be retraining the current employees on the correct completion of their timecards on two occasions: both at a Manager's Meeting and an all-staff meeting to be held in September. We will then follow-up with Managers if problems remain. Further, we will be investigating whether time studies would be a more accurate method of recording and reporting time for the DV programs.

Please feel free to contact me at 562-421-5337 or Rosalie@sucasadv.org if you have any further questions.

Sincerely,

Rosalie Rowe

Rosalie Rowe
Director of Finance