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November 9, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe Wendy L Watanabe
Auditor-Controller by Schneiderman

SUBJECT: **BIENVENIDOS CHILDREN'S CENTER, INC. – A DEPARTMENT OF MENTAL HEALTH SERVICE AND DEPARTMENT OF CHILDREN AND FAMILY SERVICES CONTRACT PROVIDER – CONTRACT COMPLIANCE REVIEW – FISCAL YEARS 2008-09 AND 2009-10**

We have completed a contract compliance review of Bienvenidos Children's Center, Inc. (Bienvenidos or Agency). Our review covered a sample of transactions from Fiscal Years (FYs) 2008-09 and 2009-10. Our review was intended to evaluate the Agency's compliance with two separate County contracts. The Department of Mental Health (DMH) contracts with Bienvenidos to provide mental health services, including interviewing Program clients, assessing their mental health needs, and implementing treatment plans. The Department of Children and Family Services (DCFS) contracts with Bienvenidos to provide Wraparound Approach Services (Wraparound) to children and their families, including therapy, housing, education, and social assistance.

The purpose of our review was to determine whether Bienvenidos provided services in accordance with their County contracts. We also evaluated the adequacy of the Agency's accounting records, internal controls, and compliance with federal, State, and County guidelines.

DMH paid Bienvenidos approximately $3.4 million on a cost-reimbursement basis for FY 2009-10. DCFS paid Bienvenidos approximately $852,000 on a fee-for-service basis for FY 2009-10. The Agency's headquarters is located in the First Supervisorial District.

Results of Review

DMH Program Review

Bienvenidos maintained documentation to support the services billed to DMH, and the staff assigned to the DMH Program had the required qualifications. However, the Agency did not complete elements of the Assessments, Client Care Plans, Progress Notes, and Informed Consents as required by the DMH contract.

Bienvenidos' attached response indicates that they will provide additional training to clinical staff, and restructure their Quality Assurance/Improvement Team to ensure that staff prepare the required documents in accordance with the County contract.

DMH and DCFS Wraparound Programs Fiscal Review

Bienvenidos maintained adequate controls over cash and revenue. However, Bienvenidos charged $103,063 and $7,007 in questioned costs to the DMH and Wraparound Programs, respectively. Specifically, Bienvenidos:

- Allocated $37,817 ($30,848 + $6,969) and $7,007 to the DMH and Wraparound Programs, respectively, in unallowable expenditures for FY 2008-09. Specifically, the Agency charged bad debt and non-County Program expenditures to the County Programs.

  Bienvenidos' attached response indicates that they will revise the FY 2008-09 DMH Cost Report to reduce the costs by $37,817, and reduce their Wraparound Program expenditures by $7,007.

- Over-allocated $13,396 ($8,471 + $4,925) to the DMH Program for non-County facility expenses.

  Bienvenidos' attached response indicates that they will reduce their FY 2009-10 DMH Cost Report by $13,396.

- Overcharged DMH $51,850 for payroll expenditures.

  Bienvenidos' attached response indicates that they will reduce their FY 2009-10 DMH Cost Report by $51,850.

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

Review of Report

We discussed the results of our review with Bienvenidos, DMH, and DCFS. Bienvenidos' attached response indicates that they will revise their FYs 2008-09 and 2009-10 DMH Cost Reports to reduce their costs by $37,817 and $65,246 ($13,396 + $51,850), respectively, and reduce their Wraparound Program expenditures by $7,007. Both departments will work with Bienvenidos to ensure the Agency implements the recommendations in our report.

We thank Bienvenidos 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:EB:sk

Attachment

c: William T Fujioka, Chief Executive Officer
Marvin J. Southard, D.S.W., Director, DMH
Philip L. Browning, Interim Director, DCFS
Francisco J. Nicholas, Chair, Board of Directors, Bienvenidos
Ritchie L. Geisel, President and CEO, Bienvenidos
Public Information Office
Audit Committee

BIENVENIDOS CHILDREN'S CENTER, INC.
DEPARTMENT OF MENTAL HEALTH AND DEPARTMENT OF CHILDREN AND FAMILY SERVICES' WRAPAROUND PROGRAMS
FISCAL YEARS 2008-09 AND 2009-10

BILLED SERVICES

Objective

Determine whether Bienvenidos Children's Center, Inc. (Bienvenidos or Agency), provided the services billed to the Department of Mental Health (DMH) in accordance with their DMH contract.

Verification

We selected 14 billings, totaling 2,374 minutes, from 275,296 service minutes of approved Medi-Cal billings for May and June 2010, which were the most current billings available at the time of our review (February 2011). We reviewed the Assessments, Client Care Plans, and Progress Notes in the clients' charts for the selected billings. The 2,374 minutes represent services to 14 clients.

Results

Bienvenidos maintained documentation to support the billed service minutes. However, Bienvenidos did not complete some elements of the Assessments, Client Care Plans, Progress Notes, and Informed Consents as required by the DMH contract.

Assessments

Eleven (79%) of the 14 client Assessments reviewed did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorders (DSM) as required by the DMH contract. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental orders, and the criteria for diagnosing them.

Client Care Plans

Eleven (79%) of the 14 Client Care Plans reviewed did not contain specific goals as required by the DMH contract.

Progress Notes

Eleven (46%) of the 24 Progress Notes sampled were not completed in accordance with the DMH contract. Specifically:

- Seven Progress Notes for Mental Health Services did not document what the clients or service staff attempted and/or accomplished towards the clients' goals.

- Four Progress Notes for the Medication Support Services did not indicate whether the clients were questioned about medication compliance.

Informed Consents

Informed Consents are the clients' agreements to a proposed course of treatment based on receiving clear, understandable information about the treatment's potential benefits and risks. We noted that Bienvenidos did not have Informed Consent forms for three (33%) of the nine clients who received treatment with psychotropic medication.

Recommendations

Bienvenidos management:

1. **Ensure that Assessments, Client Care Plans, and Progress Notes are adequately documented, and completed in accordance with the DMH contract.**

2. **Ensure that they have Informed Consents in the clients' charts before treating clients with psychotropic medications.**

STAFFING QUALIFICATIONS

Objective

Determine whether Bienvenidos' treatment staff had the qualifications required to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website, and/or the personnel files, for 13 of the 31 Bienvenidos' treatment staff who provided services to DMH clients during May and June 2010.

Results

Each employee in our sample had the qualifications required to provide the services billed.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether Bienvenidos had adequate controls to ensure revenue was recorded in the Agency's financial records properly, and cash was deposited into the Agency's bank account timely.

Verification

We interviewed Bienvenidos' management, and reviewed the Agency's financial records. We also reviewed three bank reconciliations for December 2010.

Results

Bienvenidos had adequate controls to ensure that revenue was recorded properly, and cash was deposited timely.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether Bienvenidos' Cost Allocation Plan was prepared in compliance with the County contracts, and used to allocate shared expenses appropriately.

Verification

We reviewed the Agency's Cost Allocation Plan, and selected 27 shared expenditures, totaling $162,651, incurred between May 2009 and June 2010, to ensure that the expenditures were allocated among the Agency's programs appropriately.

Results

Bienvenidos prepared their Cost Allocation Plan in compliance with the Wraparound and DMH contracts. However, Bienvenidos allocated $7,007 and $51,213 in questioned costs to the Wraparound Program and the DMH Program, respectively. Specifically, Bienvenidos allocated:

DCFS Wraparound Program

- $7,007 in Fiscal Year (FY) 2008-09 for bad debts and disallowed expenditures related to a non-County program.

DMH Program

- $30,848 and $6,969 in FYs 2008-09 and 2009-10, respectively, for bad debts and disallowed expenditures related to a non-County program.

- $8,471 in FY 2009-10 for facility expenditures related to a non-DMH program. Bienvenidos allocated 100% of its facility expenditures to the DMH Program, instead of allocating the expenditures among all benefited programs.

- $4,925 in FY 2009-10 for facility lease expenditures related to a non-DMH program. The Agency over-allocated the facility lease expenditures using incorrect allocation rates. Agency management indicated this was due to a clerical error.

DMH pays Bienvenidos based on a negotiated rate per unit of service. However, if the Agency's Program revenue exceeds their actual costs, the Agency must repay DMH the excess revenue. The Agency reports their revenues and actual expenditures on their annual Cost Report.

Recommendations

Bienvenidos management:

3. **Reduce the FY 2008-09 Wraparound Program expenditures by $7,007, and repay DCFS for any excess amount received.**

4. **Reduce the FY 2008-09 DMH Cost Report by $30,848, and repay DMH for any excess amount received.**

5. **Reduce the FY 2009-10 DMH Cost Report by $20,365 ($6,969 + $8,471 + $4,925), and repay DMH for any excess amount received.**

6. **Ensure that only allowable expenditures are charged to the DMH and Wraparound Programs.**

EXPENDITURES

Objective

Determine whether the DMH and Wraparound Program-related expenditures are allowable under their County contracts, documented properly, and billed accurately.

Verification

We interviewed Agency personnel, and reviewed financial records and documentation to support five Wraparound expenditures, totaling $6,460, and 19 DMH expenditures, totaling $86,466, incurred between July 2009 and December 2010.

Results

Bienvenidos' Program expenditures were allowable, documented properly, and billed accurately to the DMH and Wraparound Programs.

Recommendation

None.

FIXED ASSETS

Objective

Determine whether fixed asset depreciation expense charged to the DMH and Wraparound Programs were allowable under the County contract, documented properly, and billed accurately.

Verification

We interviewed Agency personnel, and reviewed the Agency's financial records for its fixed assets. In addition, we reviewed the depreciation expense of $7,243 charged to the DMH and Wraparound Programs in FY 2009-10.

Results

Bienvenidos' depreciation expense was allowable, documented properly, and billed accurately to the DMH and Wraparound Programs.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the DMH and Wraparound Programs. In addition, determine whether personnel files are maintained as required.

Verification

We reviewed DMH and Wraparound Program-related payroll expenditures, totaling $131,075, for 40 employees for pay periods between July 2009 and June 2010, and reviewed personnel files for 17 employees. We also traced the $131,075 from their payroll records to the accounting records for June 2010.

Results

Bienvenidos maintained their personnel files as required, and their payroll expenditures were charged appropriately to the Wraparound Program. However, Bienvenidos overcharged DMH $51,850. Specifically, their accounting records overstated the Agency's payroll expenditures by $51,850. Agency management indicated that the Agency inadvertently included a portion of their July 2010 payroll expenditures in their year-end adjustment.

Recommendations

Bienvenidos management:

7. **Reduce the FY 2009-10 Cost Report by $51,850, and repay DMH for any excess amount received.**

8. **Ensure that only actual program payroll costs are charged to the DMH Program.**

COST REPORT

Objective

Determine whether Bienvenidos' FY 2009-10 DMH Cost Report reconciled to the Agency's accounting records.

Verification

We traced the Agency's FY 2009-10 DMH Cost Report to the Agency's accounting records.

Results

Bienvenidos' Cost Report reconciled to the Agency's accounting records.

Recommendation

None.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations from the prior Auditor-Controller monitoring review.

Verification

We verified whether the outstanding recommendations from our November 27, 2007 monitoring review were implemented.

Results

The prior monitoring report contained 13 recommendations. Bienvenidos implemented 11 recommendations, and did not implement two recommendations. Of the two outstanding recommendations, Bienvenidos did not provide documentation to support the corrective action taken for one recommendation to reduce their Program expenditures, and the other recommendation is related to Recommendation 5 in this report.

Recommendation

9. Bienvenidos management implement the outstanding recommendation from the prior monitoring report.

September 2, 2011

Wendy L. Wantanabe
Auditor-Controller
County of Los Angeles Department of Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-3873

RE: Bienvenidos Children's Center, Inc., a Department of Mental Health Service and Department of Children and Family Services Contract provider – Contract Compliance Review

The following are responses to findings and recommendations from the contract compliance review:

ITEM #1
Ensure that Assessments, Client Care Plans and Progress Notes are completed in accordance with the County Contract

Response to recommendation:
Ensure that Assessments, Client Care Plans and Progress Notes are completed in accordance with the County contract.

Bienvenidos has implemented a plan of correction to ensure that we are in compliance with County contract requirements. These safeguards have been instituted to ensure compliance:

1) Current paperwork policy and procedures have been revised to improve the quality of services provided and provider additional oversight to the timeliness of paperwork submission by clinical staff.
2) Clinical supervisors will be playing a more active role in assisting clinical staff in improving clinical oversight and timeliness of all Assessments, Client Care Plans and Progress Notes.
3) Quality Assurance/Improvement has been re-structured to improve oversight and ensure that all Assessments, Client Care Plans and Progress Notes are completed in accordance with the requirements and placed in client files.
4) The Director will provide additional oversight on a monthly basis to ensure that all Assessments, Client Care Plans and Progress Notes are completed in accordance with the County contract.
5) Additional training on Assessments, Client Care Plans and Progress Notes have been made available to clinical staff on a monthly basis.

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ITEM #2
Ensure that they have informed Consents in the Client's charts before treating clients with psychotropic medications.

Response to recommendation:

Bienvenidos has implemented a plan of correction to ensure that we are in compliance with the County contract requirements. These safeguards have been instituted to ensure compliance.

1) Administrative Assistant to the Psychiatrist will review the chart to ensure that the informed consent form has been completed and is filed in the chart.
2) The Quality Assurance/Improvement Team will complete chart reviews on a monthly basis and will verify that all appropriate medication consent forms are completed.
3) Charts will be pulled at random and audited. Results will be reported to the appropriate management and clinical staff to assist in identifying and resolving any issues.

Cost Allocation Plan
DCFS Wraparound Program
ITEM #3
Repay $7,007 to DCFS for the FY 2008/09 disallowed unrelated non- County bad debt expenditure since DCFS does not allow for bad debt and non-Wraparound program related expenditures to this contract.

Response to recommendation:
Bienvenidos agrees that the $7,007 is not an allowable cost to the Wraparound program and will ensure that only allowable expenditures are charged to the Wraparound program. Bienvenidos will reduce FY2008/09 Wraparound Program expenditures by $7,007, but will not need to repay DCFS since Wraparound expenses exceeded Wraparound revenue by $30,041 for FY 2008/09 (see ***attached*** cost report), it is our position that Bienvenidos should not have to return these funds.

DMH Program
ITEM #4
Reduce the FY 2008/09 DMH Cost Report by $30,848 and repay DMH for any excess amounts received for the FY 2008/09 disallowed unrelated non- County bad debt expenditure since DMH does not allow for bad debt and non-DMH program related expenditures to this contract.

Response to recommendation:
Bienvenidos agrees that the $30,848 is not an allowable cost to the DMH program and will ensure that only allowable expenditures are charged to the Wraparound program. Bienvenidos further agrees to reduce the FY 2008/09 DMH Cost Report by this amount and repay DMH for any excess amounts received.

ITEM #5
Reduce the FY 2009/10 DMH Cost Report by $20,365 ($6,969 + $8,471 + $4,925) and repay DMH for any excess amounts received for the FY 2009/10 disallowed unrelated non- County bad debt expenditure, the omission of a weekend program in the facility allocation at the West Covina site and the incorrect allocation of facility costs at the South El Monte site.

Response to recommendation:

Bienvenidos agrees with the three adjustments mentioned above. Bienvenidos further agrees to reduce the FY 2009/10 DMH Cost Report by this amount and repay DMH for any excess amounts received.

ITEM #6
Response to recommendation:
Bienvenidos will ensure that only allowable expenditures are charged to the DMH and Wraparound Programs. The disallowed costs mentioned in this report (bad debt) were inadvertently charged to the administrative expense cost center (#1100) and then allocated to all programs. To prevent this from happening again, the agency created a separate cost center from the administration cost center called #1199 Disallowable Expenses. The expenses in this cost center are not allocated to any programs.

Payroll and Personnel

ITEM #10
Response to recommendation:
Bienvenidos will reduce the FY 2009/10 Cost Report by $51,850 and repay DMH for any excess amounts received.

ITEM #11
Response to recommendation:
Bienvenidos will ensure that only actual program payroll costs are charged to the DMH program.

Prior Year Follow-Up

ITEM #12
Bienvenidos will provide backup support within 30 days as evidence that management implemented the outstanding recommendation from the 2007 monitoring report:

- Re-class of $7,403 in facility costs from Wraparound to Admin
- Re-class of $1,375 in unsupported expenses from Wraparound to Admin
- Re-class of $291 in depreciation from Wraparound to Admin - inadvertently charged to Wraparound

Please thank your staff for all their patience and assistance during the contract compliance review. They were informative, professional and fair during and after the field work for which we are very grateful.

We will submit copies of the amended DMH Annual Cost Reports to you upon completion as well as the documentation referred to in item #12 above.

Please let us know if you have any further questions or if you need any additional information.

Sincere regards,

David M Cusack
Chief Financial Officer