COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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December 19, 2011

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

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **WINGS OF REFUGE FAMILY SERVICES AGENCY - A FOSTER FAMILY AGENCY CONTRACT PROVIDER - FISCAL REVIEW**

At the request of the Department of Children and Family Services (DCFS), we reviewed the fiscal operations of Wings of Refuge Family Services Agency (WOR or Agency), from January 1 to December 31, 2008. WOR's administrative office is located in the Second Supervisorial District

DCFS contracts with WOR's Foster Family Agency (FFA) to recruit, certify, train, and support foster family homes. At the time of our review, WOR had 191 children placed in 67 certified foster homes. DCFS paid the Agency between $1,589 and $1,865 per child per month, for a total of $3,179,711. WOR paid $1,411,978 (44%) directly to the foster parents, which exceeds the State's minimum requirement of 40%. In addition to the FFA program, WOR operates Family Preservation, Right Path, Wings of Recovery, and Family Support programs under contracts with the County.

The issuance of our report to your Board was delayed in part by changes in federal and State regulations regarding possible repayment of questioned costs from fiscal audits. To enable WOR to begin taking corrective action as soon as possible, we discussed the findings and recommendations from our review with Agency management in September 2009.

Summary of Findings

We identified $32,026 in unallowable expenditures, and $49,831 in unsupported/inadequately supported expenditures. In addition, DCFS and the Agency need to work together to resolve some potential overpayments.

We also noted that the Agency's 2008 financial statements reported significant debt of $2.2 million and negative net assets of $18,176. It is unclear how WOR will maintain an adequate level of care while addressing its financial issues, since the Agency has no reserves, and 93% of its revenue is from foster care funds. DCFS should require the Agency to submit a plan demonstrating how it will provide an adequate level of care while addressing its financial issues. DCFS should also monitor the Agency closely to ensure that service quality is maintained at an acceptable level. We initially advised DCFS of WOR's financial issues in March 2010.

WOR also needs to strengthen its controls over disbursements, expenditures, loans, bank reconciliations, payroll and independent contractor records, and fixed assets. In addition, WOR needs to prepare and submit its Semi-Annual Expenditure Reports to DCFS as required by the FFA contract. WOR also needs to implement a cost allocation plan that is consistent with federal requirements. Details of our findings are discussed in Attachment I.

We recommend that DCFS resolve the questioned costs, and collect any disallowed amounts. DCFS should also ensure that WOR management takes action to address the recommendations in this report, and monitor to ensure that actions result in permanent changes.

As part of our review, we followed up on ten recommendations from our March 22, 2007 fiscal review of WOR, and noted that the Agency had not implemented two of the recommendations.

Review of Report

We discussed our report with WOR's management and DCFS on January 19, 2011. The period from January 19, 2011 to the issuance of this report includes a mandatory 90-day waiting period to allow the Agency to appeal the findings in the draft report. The Agency's response, which is incorporated into DCFS' Fiscal Corrective Action Plan (Attachment II), indicates the Agency's general agreement with our findings and recommendations, and that they will repay the $81,857 in questioned costs. As of November 30, 2011, WOR has repaid $11,367.

This audit is not intended to be, and does not constitute, the discovery or identification of an overpayment for purposes of the federal Improper Payments Act, related California State laws, including, but not necessarily limited to, Welfare and Institutions Code Sections 11466.23, 11466.235, 11466.24, etc., nor State regulations intended to

implement either the federal Improper Payments Act or related provisions in State law. This audit is intended solely to assist DCFS in managing its contractual relationships. Consequently, this report will be forwarded to the DCFS, in order that it might take further action, as it deems appropriate, based on its contents. Such further action may, or may not, include the discovery or identification of an overpayment for purposes of federal or State law.

We thank WOR's management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Campbell at (213) 253-0101.

WLW:JLS:RGC:MWM

Attachments

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Interim Director, DCFS
Renee Moncito, Executive Director, Wings of Refuge Family Services Agency
Board of Directors, Wings of Refuge Family Services Agency
Cora Dixon, Bureau Chief, Foster Care Audits Bureau, CA Dept of Social Services
Commission for Children and Families
Public Information Office
Audit Committee

Wings of Refuge Family Services Agency
Foster Family Agency Contract Provider
Fiscal Review

REVIEW OF EXPENDITURES

We identified $32,026 in unallowable expenditures, and $49,831 in unsupported/inadequately supported expenditures. In addition, DCFS and the Agency need to work together to resolve some potential overpayments. Details of these expenditures/overpayments are discussed below.

Applicable Regulations and Guidelines

Wings of Refuge Family Services Agency (WOR or Agency) is required to operate its Foster Family Agency (FFA) in accordance with the following federal, State, and County regulations and guidelines:

- FFA Contract, including the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook)
- Federal Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations (Circular A-122)
- California Department of Social Services Manual of Policies and Procedures (CDSS-MPP)
- California Code of Regulations, Title 22 (Title 22)

Unallowable Expenditures

We identified $32,026 in unallowable expenditures consisting of:

- $26,815 in interest and late fees related to four lines of credit.
- $5,211 in penalties, interest, late fees, and donations.

Circular A-122 Sections 12, 16 and 23 state that the fines, penalties, interest, and donations are unallowable expenditures.

Unsupported/Inadequately Supported Expenditures

A-C Handbook Section A.3.2 states that all expenditures shall be supported by original itemized invoices, receipts, contracts, loan agreements, and other supporting documents, and that unsupported expenditures will be disallowed upon audit.

We identified $49,831 in expenditures that were either unsupported or inadequately supported.

- $23,255 in payments for 19 expenditures that lack adequate documentation. The Agency either did not provide an itemized invoice, receipt, loan agreement, or contract, or the documentation provided did not clearly establish how the expense related to the FFA Program. For example, the Agency paid $920 to a temporary employee, but did not provide a contract, authorized salary/pay rate, or timecard to establish that the payment was reasonable, or that services were actually performed.

- $17,406 in principal payments related to a $175,000 credit line with Bank of America. The Agency could not document how the credit line proceeds benefited the FFA Program.

- $4,881 in payments for mileage, travel, and gasoline reimbursements, meals at restaurants with unidentified persons, purchases of cardboard and locks for recycling bins, and consulting fees to establish a recycling program. The Agency could not document how these expenditures benefited the FFA Program.

- $4,289 in payments to a non-Agency credit card for holiday party supplies and gifts. While the Agency provided some documentation for these payments, the documentation was not sufficient to establish how the expenditures benefited the FFA Program.

As discussed in the "Cost Allocation" section of this report, while WOR established a cost center to capture shared expenses in their accounting records, we noted that some indirect costs had been incorrectly classified as direct expenses of the FFA Program. We also noted instances where direct costs were inappropriately allocated as indirect expenses. In addition, the Agency was unable to provide documentation to support their indirect cost allocations. Some of the questioned costs discussed in this section may be related to more than one program. DCFS should work with WOR to determine the appropriate amount of unallowable, and inadequately supported costs, that should be recovered as part of the audit settlement, once the Agency addresses its cost allocation issues.

Recommendations

1. **DCFS management resolve the $81,857 ($32,026 + $49,831) in questioned costs, and collect any disallowed amounts.**

WOR management:

2. **Ensure that foster care funds are used for allowable expenditures to carry out the purpose and activities of the FFA Program.**

3. **Consistently maintain adequate supporting documentation for all Agency expenditures, including original itemized invoices and receipts, contracts, and loan agreements, and fully document how the expenditures benefit the FFA Program.**

FINANCIAL VIABILITY

WOR's December 31, 2008 audited financial statements indicated that WOR had significant debt of $2.2 million and $18,176 in negative net assets. It is unclear how WOR will maintain an adequate level of care while addressing its financial issues, since the Agency has no reserves, and 93% of its revenue is from foster care funds. DCFS should require the Agency to submit a plan demonstrating how it will provide an adequate level of care while addressing its financial issues. DCFS also needs to closely monitor the Agency to ensure that service quality is maintained at an acceptable level. We initially advised DCFS of WOR's financial viability issues on March 24, 2010.

Recommendations

4. **WOR management develop a plan demonstrating how it will provide an adequate level of care while addressing its financial issues.**

5. **DCFS management closely monitor WOR to ensure that service quality is maintained at an acceptable level.**

POTENTIAL DCFS OVERPAYMENTS

DCFS' records show some potential overpayments to WOR. DCFS and the Agency should work together to resolve the overpayments, and DCFS should collect any verified overpayments. WOR management should also ensure that any future payment discrepancies are immediately reported to DCFS, and any excess amounts are repaid promptly.

Recommendations

6. **DCFS management work with WOR to resolve the overpayments, and DCFS collect any verified overpayments.**

7. **WOR management ensure any future payment discrepancies are immediately reported to DCFS, and any overpaid amounts are repaid promptly.**

CONTRACT COMPLIANCE AND INTERNAL CONTROLS

We noted several contract compliance issues and internal control weaknesses. DCFS should ensure that WOR management takes action to address the recommendations in this report. DCFS should also monitor to ensure the actions result in permanent changes.

Cost Allocation

A-C Handbook Section C.2 requires agencies to maintain documentation on how shared expenses are allocated (e.g., timecards, time summaries, square footage measurements, number of employees, etc.). WOR developed a plan to allocate its shared costs among its programs using a time study of direct program salaries as the allocation basis. However, the Agency did not provide the time study or related timecards/timesheets to support the allocations.

In addition, the Agency did not consistently record expenditures in the appropriate cost centers. We reviewed 77 expenditures, and noted 23 (30%) shared expenditures, totaling $17,847, that were incorrectly classified as direct FFA Program expenditures. The Agency also incorrectly recorded 12 (16%) of the direct FFA Program expenditures reviewed, totaling $96,451, as shared expenditures.

Given the high volume of misclassified transactions in our testwork, WOR needs to review its direct FFA Program expenditures and shared expenditures to verify their appropriateness, and make any necessary adjustments. WOR also needs to ensure that future expenditures are consistently recorded in the appropriate cost center.

Recommendations

WOR management:

8. **Maintain documentation used to allocate shared expenditures.**

9. **Review charges in the FFA and shared cost centers, determine amounts chargeable to the FFA Program, and make any necessary adjustments to the accounting records based on the review.**

Loan Agreements

WOR's December 31, 2008 financial statements indicated the Agency owed $2,800 in loans payable to the Executive Director (ED) and a third-party, for which the Agency did not have written loan agreements. In addition, the Agency did not provide bank deposit information or bank statements establishing that the loan proceeds were deposited into an Agency bank account. A-C Handbook Section A.3.2 requires loans to be supported by a written loan agreement, and by records documenting that the funds received were deposited into an agency bank account. We questioned the loan payments that were

not supported by bank account deposits or other documentation in the Unsupported/ Inadequately Supported Expenditures section of this report.

Recommendation

10. **WOR management establish written loan agreements, indicating the amounts borrowed and the repayment terms, and maintain documentation that the funds were deposited into the Agency's account.**

Disbursement Controls

A-C Handbook Section B.2.1 requires all purchase receipts be referenced to check numbers, and marked "paid", or otherwise cancelled, to prevent reuse or duplicate payments. In addition, A-C Handbook Section B.2.1 requires a second signature on all checks. At a minimum, a second or alternate signature should be required to prevent payees from authorizing checks to themselves. Also, voided checks should be marked "void" with the signature block cut out.

We noted that 16 (25%) of 65 purchase receipts reviewed were not marked "paid" to prevent duplicate payments. In addition, the ED signed seven checks, totaling $2,500, to herself, even though there were other authorized check signers. This issue was also noted in our March 22, 2007 report. We also noted that the Agency does not consistently mark checks "void" when cancelled, and cut out the signature block as required.

Recommendations

WOR management:

11. **Ensure purchase receipts are marked "paid" to prevent duplicate payments.**

12. **Require a second signature by an independent party on all checks where the payee and the check signer are the same employee.**

13. **Mark checks "void" when cancelled, and cut out the signature block.**

Bank Reconciliations

A-C Handbook Section B.1.4 requires bank reconciliations to be dated by the reviewer and reconciling items to be resolved timely.

We reviewed the September general and payroll bank reconciliations, and noted they were not dated to document when they were reviewed. We also noted that the bank reconciliation for the general bank account did not include a beginning book balance, and the ending balance did not agree with the Agency's accounting records.

The Agency indicated this was a result of an adjusting entry, but did not provide us with the documentation supporting this assertion. In addition, we noted eight checks that were outstanding for more than 90 days, with two checks dating to 2006 and 2007.

Recommendations

WOR management:

14. **Ensure bank reconciliations are dated to document when they were reviewed.**

15. **Identify, investigate, and resolve un-reconciled balances and outstanding checks over 90 days.**

Payroll and Independent Contractor Controls

A-C Handbook Section B.3.1 requires timecards or time reports to be prepared for each pay period. A-C Handbook Section A.3.2 also requires agencies to have contracts detailing the services provided by all contractors.

WOR did not provide a timecard for one payment to an employee, and payments to two employees were not consistent with the hours on their timecards. The Agency needs to ensure all payroll payments are supported and appropriately calculated.

In addition, the Agency could not provide written agreements for four independent contractors. We questioned payments, totaling $3,456, made to these contractors who did not have agreements or other supporting documentation in the Unsupported/ Inadequately Supported Expenditures section of this report. Lack of written agreements with independent contractors was also noted in our March 22, 2007 report.

Recommendations

WOR management:

16. **Ensure all payroll payments are supported and appropriately calculated.**

17. **Maintain written agreements with all independent contractors.**

Fixed Assets

A-C Handbook Section B.4.2 requires agencies to keep a current listing of fixed assets, including date of purchase, acquisition cost, and source(s) of funding. Agencies should also tag all fixed assets, and conduct an inventory of all fixed assets at least once each year to ensure that all fixed assets are accounted for, and maintained in proper working order.

WOR's fixed asset listing does not include the date of purchase, acquisition cost, or the source(s) of funding. In addition, the Agency did not complete an inventory of its fixed assets at least once a year. We selected eight assets to review, and were unable to account for six (75%) of the items. Four of the items could not be located by WOR management, and two tags were found, but were not affixed to an asset. According to management, the tags were removed when they disposed of the assets. However, the asset listing was not updated.

Recommendations

WOR management:

18. **Ensure the Agency's fixed asset listing includes the date of purchase, acquisition cost, and source(s) of funding.**

19. **Complete an inventory of fixed assets at least once each year to ensure that all fixed assets are accounted for, and maintained in proper working order.**

Semi-Annual Expenditure Report

County Contract Section 17.2 requires agencies to submit a Semi-Annual Expenditure Report no later than 60 days after the end of each semi-annual reporting period.

WOR did not submit the two required Semi-Annual Expenditure Reports for 2008; one was due September 2008 and the other March 2009. As discussed in the Cost Allocation section of this report, the Agency will need to first revise its accounting records to correct errors in expenditures charged to the FFA Program, and then provide DCFS with the Semi-Annual Reports that accurately reflect FFA Program expenditures.

Recommendation

20. **WOR management submit the Semi-Annual Expenditure Reports as required that reflect accurate FFA expenditure information.**

County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

JACKIE CONTRERAS, Ph.D.
Interim Director

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Third District
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Fifth District

May 12, 2011

Renee Moncito, Executive Director
Wings of Refuge Family Services Agency
5777 W. Century Blvd., # 910
Los Angeles, CA 90045

Dear Ms. Moncito:

AUDITOR-CONTROLLER'S FISCAL REVIEW OF WINGS OF REFUGE FAMILY SERVICES AGENCY - A FOSTER CARE CONTRACTOR

We have reviewed your fiscal corrective action plan (FCAP) received on May 12, 2011 in response to the Auditor-Controller's final draft fiscal audit.

With regard to the $81,857 in questioned costs, Wings of Refuge Family Services Agency and DCFS agreed that the total of $81,857 was disallowed and must be repaid to the Department.

Please contact the Los Angeles County Treasurer and Tax Collector (TTC), by May 17, 2011 to schedule a date and time to sign a repayment agreement for the amount of $81,857. The terms of the repayment agreement would be determined and negotiated with TTC. Please contact:

Fernando Rubio Jr., Operations Chief
Los Angeles County Treasurer and Tax Collector Revenue and Enforcement
225 N. Hill Street Room 122
Los Angeles, CA 90012
(213) 893-7968
frubio@ttc.lacounty.gov

If you have any questions, please contact Ali Gomaa-Mersal, Financial Specialist IV, at (213) 351-3209.

Sincerely,

Latisha Thompson

Latisha Thompson, ASM III
Fiscal Monitoring and Special Payments

Attachments

c: Mike McWatters, Chief Audit Division (via electronic mail only)
Sandra Gomez, Principal Accountant-Auditor (via electronic mail only)

"To Enrich Lives Through Effective and Caring Service"

FISCAL REVIEW OF WINGS OF REFUGE FAMILY SERVICES AGENCY - A FOSTER CARE CONTRACTOR

Note: Department of Children and Family Services (DCFS) will only review documentation not previously provided to the Auditor-Controller.

Summary of Recommendations

Based on the FCAP received on May 11, 2011, submitted by Wings of Refuge Family Services Agency, status of each recommendation is summarized as follows:

- 20 Recommendations (1-20) were fully addressed.
- __ Recommendations (_____) were partially addressed.
- 3 Recommendations (1, 5 &6) directed to the Department were addressed.

Recommendation Status

1. **DCFS management resolves the $81,857 ($32,026 + $49,831) in questioned costs and collect any disallowed amounts.**

   Agency Proposed FCAP: *The Agency is requesting a repayment plan of $2,273.80 per month for 36 months with the first payment to commence July 1, 2011. The Agency has attached a copy of the Accounting and Operating Manual to ensure compliance with the recommendations ratified by the Board (See Attachment IV).*

   DCFS Response: Please contact the Los Angeles County Treasurer and Tax Collector (TTC), as soon as possible to schedule a date and time to sign a repayment agreement for the amount of $81,857. The terms of the repayment agreement would be determined and negotiated with the TTC. Please contact:

   Fernando Rubio Jr., Operations Chief
   Los Angeles County Treasurer and Tax Collector Revenue and Enforcement
   225 N. Hill Street Room 122
   Los Angeles, CA 90012
   (213) 893-7968
   frubio@ttc.lacounty.gov

2. **WOR management ensure that foster care funds are used for allowable expenditures to carry out the purpose and activities of the FFA program.**

Agency Proposed FCAP: *The Agency will ensure that foster care funds are used for allowable expenditures to carry out the purpose and activities of the FFA program in compliance with OBM Circular 122, OBM Circular A133, Title, 17 and 22 and the Auditor Controller Forster Family Agency Contract Accounting and Administration Handbook. The Agency has reclassified expenditures identified by the Auditor Controller as unallowable expenditures and will continue to review for completeness and accuracy.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

3. **WOR management maintain adequate supporting documentation for all Agency expenditures, including original itemized invoices and receipts, contracts, loan agreements and fully document expenditure relationship to FFA program.**

Agency Proposed FCAP: *The Agency will ensure all expenditures supporting documentation is maintained to adequately support all expenditures charged to the FFA. As defined the Accounting and Operating Manual, all expenditures must be approved by the responsible parties and appropriate original supporting documentation that is relevant to the expenditure must be attached.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

4. **WOR management develops a plan demonstrating how it will provide an adequate quality level of care while addressing its financial issues.**

Agency Proposed FCAP: *The Agency has developed a plan to ensure monitoring and review procedures are done on a quarterly basis to ensure adequate quality levels of care are maintained while addressing its financial issues.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation and provide a copy of the developed plan to the Fiscal Monitoring & Special Payments section.

5. **DCFS management carefully monitor WOR to ensure that service quality is maintained at an acceptable level.**

Agency Proposed FCAP: *The Agency will comply with DCFS's Management monitoring procedure to ensure that service quality is maintained at an acceptable level.*

DCFS Response: DCFS Fiscal Monitoring staff will forward a copy of this report to the OHCIEU for inclusion in its monitoring plan.

6. **DCFS management work with WOR to resolve the overpayments and should collect any verified overpayments.**

   Agency Proposed FCAP: *The Agency has executed a signed agreement between the Department of Children and Family Services for a total overpayment of $118,466.00 effective June 1, 2010. The Agency has agreed to repay $3,290.72 a month for 36 months (Attachment V). The Agency further agrees to notify the County within thirty (30) days of the receipt of any payment that is incorrect.*

   DCFS Response: DCFS accepts the agency's response.

7. **WOR management ensure that any future payment discrepancies are immediately reported to DCFS and any overpaid amounts are repaid promptly.**

   Agency Proposed FCAP: *The Agency will notify the County of any further payment discrepancies by completing a Payment Resolution Notification Form (Covina 71) and faxing it to (626) 915-*1260.

   DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

8. **WOR management review charges in the FFA and shared cost centers, determine amounts chargeable to the FFA program, and make any adjustments necessary to the accounting records based on the review.**

   Agency Proposed FCAP: *The Agency has made the necessary adjustments to ensure all recommended chargeable expenditures are recorded as recommended. The Agency will forward to the Department of Children and Family Services and revised expense schedule and copies of journal entries to support the adjustments.*

   DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

9. **WOR management maintains documentation used to allocate shared costs.**

   Agency Proposed FCAP: *The Agency has developed a procedure to ensure all documentation supporting the Cost Allocation Plan is maintained and the allocation methodology is reviewed annually.* The Agency will forward a copy of the Cost Allocation Methodology to the Department of Children and Family Services for review.

   DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

10. **WOR management establishes written loan agreements indicating the amounts borrowed and the repayment terms and maintains documentation that the funds were deposited into the Agency's account.**

    Agency Proposed FCAP: *The Agency shall ensure that any and all loans by employees or third parties are supported by a written loan agreement and records documenting that the lent funds were deposited into the Agencies bank account.*

    DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

11. **WOR management ensure payment documents are marked "paid" to prevent duplicate payment.**

    Agency Proposed FCAP: *The Agency shall ensure that all documentation supporting expenditures are marked "paid" to prevent duplication of payment.*

    DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

12. **WOR management requires a second signature by an independent party on all checks where the payee and the check signer are the same employee.**

    Agency Proposed FCAP: *The Agency shall ensure a independent party or second signature will be required on all checks where the payee and the check signer are the same employee.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

13. **WOR management marked "void" and cut off the signature block off checks that need to be voided.**

Agency Proposed FCAP: *As stated in the Banking Section of the Accounting and Operating Manual, the Agency shall ensure that all voided or cancelled checks signature block are cut off and are properly voided in the accounting system.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

14. **WOR management ensure bank reconciliations are dated to document when reviewed.**

Agency Proposed FCAP: *As stated in the Reconciliation Section of the Accounting and Operating Manual, the Agency will ensure that all bank reconciliations are dated and signed by the preparer when completed and the reviewer when reviewed.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

15. **WOR management identify, investigate and resolve un-reconciled balances and outstanding checks over 90 days.**

Agency Proposed FCAP: *The Agency will identify, investigate and resolve un-reconciled balances and outstanding checks over 90 days and ensure the accounting records are updated accordingly.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

16. **WOR management ensure all payroll payments are supported and appropriately calculated.**

Agency Proposed FCAP: *The Agency will ensure all payroll expenditures are supported and properly calculated.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

17. **WOR management maintains contracts with all independent contractors.**

Agency Proposed FCAP: *The Agency will ensure that all contracts between the Agency and any independent contractor are review and renewed within the terms of the agreement.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

18. **WOR management ensure the Agency's fixed asset listing includes the date of purchase, the acquisition cost and the source of funding.**

Agency Proposed FCAP: *The Agency will ensure that all Agencies fixed assets are tagged and identified. A listing shall be maintained to include the date of purchase, the acquisition cost and the source of funding. The fixed assets will be tagged in accordance with the Inventory Maintenance Procedure per the Accounting and Operating Manual.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

19. **WOR management completes an inventory of fixed assets at least once each year.**

Agency Proposed FCAP: *The Agency shall complete an annual physical inventory of all Agency fixed assets as outlined in the Inventory Maintenance section of the Accounting and Operating Manual.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

20. **WOR management submits the semi-annual expenditure reports as required by the contract that reflect accurate FFA expenditure information.**

Agency Proposed FCAP: *The Agency will ensure semi-annual expenditure reports are submitted as required by the contract on September 1st and March 1st annually.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.