



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 9, 2012

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: **TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER – FISCAL REVIEW**

At the request of the Department of Children and Family Services (DCFS), we reviewed the fiscal operations of Turmont Home for Boys and Girls (Turmont or Agency) from January 1, to December 31, 2009. Turmont is licensed to operate two group homes (GH), each with a resident capacity of six children. Turmont's homes are located in the Second and Fifth Supervisorial Districts.

DCFS and the Probation Department contract with Turmont to care for foster children placed in the Agency's homes. DCFS paid Turmont \$4,291 per child per month, based on a rate determined by the California Department of Social Services, for a total of \$486,845 in 2009.

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 Turmont to begin taking corrective action as soon as possible, we discussed our findings with Agency management on February 3, 2011.

**Summary of Findings**

We identified \$76,377 in unallowable expenditures. In addition, DCFS and the Agency need to work together to resolve some potential overpayments. Turmont also needs to strengthen its controls over its accounting and disbursement procedures, independent contractors, petty cash, payroll and personnel records, bank deposits, fixed assets, and

vehicle mileage logs. In addition, Turmont needs to ensure they properly classify employees and independent contractors, maintain an independent Board of Directors, appropriately document and approve loans, and ensure that the Agency's insurance policy provides the required notice in the event the policy is cancelled. Details of our findings are discussed in Attachment I.

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

### **Review of Report**

Turmont's management declined to formally discuss this report at an exit conference, but have agreed to repay the \$76,377 in unallowable expenditures. The Agency's response, which is incorporated into DCFS' Fiscal Corrective Action Plan (Attachment II), indicates general agreement with our findings and recommendations.

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 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 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 Turmont'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, Director, DCFS  
Jerry E. Powers, Chief Probation Officer  
Reaver E. Bingham, Deputy Director, Probation Department  
Victor Bradley, Executive Director, Turmont Home for Boys and Girls  
Board of Directors, Turmont Home for Boys and Girls  
Cora Dixon, Bureau Chief, Foster Care Audits Bureau, CA Dept of Social Services  
Commission for Children and Families  
Public Information Office  
Audit Committee

**TURMONT HOME FOR BOYS AND GIRLS**  
**GROUP HOME CONTRACT PROVIDER**  
**FISCAL REVIEW**

**REVIEW OF EXPENDITURES/REVENUES**

We identified \$76,377 in unallowable 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**

Turmont Home for Boys and Girls (Turmont or Agency) is required to operate its group homes (GH) in accordance with the following federal, State, and County regulations and guidelines:

- GH 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 \$76,377 in unallowable expenditures:

- \$50,460 in excessive lease payments for an Agency property where the payments exceeded 12% of the property's fair market value (FMV). CDSS-MPP Section 11-402.828 states that shelter costs should not exceed 12% of the FMV of owned, leased, and rented buildings used for GH programs and activities.
- \$25,917 consisting of \$25,895 in installment payments to the Internal Revenue Service (IRS) to repay the Agency's 2006 payroll tax liabilities, penalties, and interest; and \$22 in late fees for bottled water, electric, and telephone bills. Circular A-122 Sections 16 and 23 state that penalties and interest are unallowable expenditures. In addition, liabilities that should have been paid with prior year GH funds, such as payroll tax liabilities cannot be repaid with subsequent year Program funds.

**Recommendations**

1. DCFS management resolve the \$76,377 in unallowable expenditures, and collect any disallowed amounts.
2. Turmont management ensure that foster care monies are only used for allowable expenditures for the GH Program.

**POTENTIAL DCFS OVERPAYMENTS**

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

**Recommendations**

3. DCFS work with Turmont to resolve the potential overpayments, and collect any verified overpayments.
4. Turmont management ensure that future payment discrepancies are reported to DCFS immediately, and any excess amounts are repaid promptly.

**CONTRACT COMPLIANCE AND INTERNAL CONTROLS**

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

**Accounting and Disbursements**

During our review, we noted the following weaknesses in the Agency's accounting and disbursement procedures:

- The Agency issued 26 checks, totaling \$40,027, payable to "Cash". A-C Handbook Section B.2.0 states that checks should not be made payable to "Cash".
- The Agency issued 49 checks, totaling \$191,600, where the payee was also the check signer. Check disbursements should be approved by someone other than the payee to ensure the appropriateness of the transaction.

**Recommendations**

**Turmont management:**

- 5. Ensure checks are not made payable to "Cash".**
- 6. Ensure that check disbursements are approved by someone other than the payee.**

**Independent Contractors**

A-C Handbook Section A.3.2 states that agencies should have contracts, time and attendance records, billing rates, purchase orders, invoices, or other supporting documentation, detailing the services to be provided by independent contractors. In addition, Section A.2.6 requires agencies to report payments to independent contractors to the federal and State taxing agencies.

We reviewed payments made to seven independent contractors and noted:

- The Agency did not have a written contract and did not issue a Form 1099 to one independent contractor.
- The Agency did not maintain adequate records to verify that the hours invoiced were actually worked for one contractor.

**Recommendations**

**Turmont management:**

- 7. Establish written contracts with all independent contractors, that include billing rates and services to be provided, to ensure services are provided at the agreed price.**
- 8. Ensure that payments to independent contractors are properly reported to the federal and State taxing agencies.**
- 9. Maintain time and attendance records for all independent contractors to verify invoices are accurate.**

**Petty Cash**

A-C Handbook Section B.2.3 allows agencies to have a petty cash fund of up to \$500 to pay for small incidental expenditures (e.g., postage, small purchases of office supplies, etc.). Agencies should not use the petty cash fund as a substitute for normal purchasing and disbursement practices. In addition, agencies should maintain the petty

cash fund on an imprest (fixed balance) basis, and obtain written approval from DCFS for petty cash funds over \$500.

We noted that Turmont used its petty cash fund as a substitute for normal purchasing and disbursement practices. Specifically, the Agency used petty cash to routinely purchase food and household supplies, which are not small incidental expenses. Turmont should pay these non-incidental expenses by check or debit/credit card, and not petty cash. In addition, Turmont does not maintain their petty cash fund on an imprest basis, and the petty cash fund frequently exceeded the \$500 limit, with an average balance of approximately \$2,200.

**Recommendations**

**Turmont management:**

- 10. Ensure that the petty cash fund is not used as a substitute for normal purchasing and disbursement practices.**
- 11. Maintain the petty cash fund on an imprest basis, and limit the amount of the fund to \$500, or obtain written approval from DCFS to increase the petty cash fund limit.**

**Payroll/Personnel Records**

A-C Handbook Section B.3.1 states that time cards or time reports must be signed by the employee and the supervisor to certify the accuracy of the reported time. We reviewed the payroll records of nine employees, and noted that none of the employees' time cards were signed by a supervisor. As a result, we could not determine if these time cards were reviewed before being processed for payment.

**Recommendation**

- 12. Turmont management ensure employees' time cards are signed by their supervisor to certify the accuracy of the reported time.**

**Untimely Deposits**

A-C Handbook Section B.1.2 states that cash receipts totaling \$500 or more shall be deposited within one day of receipt. Collections of less than \$500 may be held and deposited weekly, or when the total reaches \$500, whichever occurs first.

We noted that the Agency deposited eight Los Angeles County warrants, totaling \$3,320, into their bank account an average of 17 days after the issue date.

**Recommendation**

- 13. Turmont management ensure that County warrants are deposited timely, and consider enrolling in the County's direct deposit program.**

**Fixed Assets Inventory**

A-C Handbook Section B.4.2 requires agencies to tag all fixed assets, and keep a current listing of fixed assets, including the item description, serial number, date of purchase, acquisition cost, and source(s) of funding used to purchase the asset. In addition, agencies should conduct an inventory of fixed assets at least annually, to ensure that all fixed assets are accounted for, and are maintained in proper working order.

We noted that the Agency does not tag its fixed assets. In addition, the Agency's fixed asset listing does not include the serial number and source(s) of funding used to purchase the asset. Finally, we noted that the Agency does not perform an inventory of fixed assets on an annual basis, as required.

**Recommendations**

**Turmont management:**

- 14. Ensure that all fixed assets are appropriately tagged.**
- 15. Ensure the fixed asset listing includes the serial number and source(s) of funding for all items.**
- 16. Inventory fixed assets at least annually to ensure that all fixed assets are accounted for, and are maintained in proper working order.**

**Vehicle Mileage Logs**

A-C Handbook Section A.3.2 requires agencies to maintain vehicle mileage logs that identify the date, destination, headquarters, purpose, beginning and ending odometer readings, and resulting mileage of trips for all vehicles. In addition, the mileage logs must clearly distinguish business and personal travel. The Agency had two SUVs that were used for GH purposes, but did not maintain mileage logs for the vehicles. However, it appears that these vehicles were only used for Agency business.

**Recommendation**

- 17. Turmont management maintain mileage logs that identify the dates, destination, headquarters, purpose of trip, beginning and ending**

odometer readings, resulting mileage, and clearly distinguish business and personal travel.

**Employee Classification**

A-C Handbook Section A.2.6 states that agencies should comply with IRS guidelines in properly classifying employees and independent contractors. According to IRS Publication 15-A, an officer of a corporation is generally considered an employee. For the calendar year we reviewed, the Agency classified three of its primary officers (the Executive Director, Assistant Executive Director, and Administrator) as independent contractors, and issued 1099s to them, instead of Wages and Earnings Statements (W2s). The Agency indicated that the individuals were employees, but they issued 1099s to them because the Agency did not want to process these individuals' pay through a third-party payroll service. Because the three officers were classified as independent contractors, the Agency did not pay the employer's payroll taxes on these individuals, which could make the Agency liable for the taxes, and additional penalties and interest.

**Recommendations**

18. **Turmont management issue retroactive Wages and Earnings (W-2) Statements for the calendar years that the three officers were classified as independent contractors, and prospectively ensure that all officers are properly classified as employees.**
19. **DCFS management ensure the Agency does not use foster care funds to pay fines, penalties, or interest assessed by the State Employment Development Department, Franchise Tax Board, or the IRS for the Agency's failure to properly classify these employees.**

**Board of Directors Independence**

California Corporations Code Section 5227 states that not more than 49% of the persons serving on the Board of any corporation may be "interested persons." "Interested persons" include individuals currently being paid by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee or independent contractor. In addition, Board members who are related to anyone who has received payment from the corporation may also be an "interested person."

Three (60%) of the five members of Turmont's Board of Directors, are either being paid by the Agency as full-time employees, or are related to a person being paid by the Agency. Specifically, the Agency's Executive Director and the Administrator are members of the Board, and receive full-time salaries from the Agency. The third Board member is the mother of the Agency's Executive Director.

**Recommendation**

- 20. Turmont management ensure that the Board of Directors is independent as required by the California Corporations Code.**

**Loans from the Executive Director**

A-C Handbook Section A.3.2 states that loans to the Agency should be supported by a written loan agreement. We noted that the Executive Director loaned the Agency a total of \$30,200 during our review period. We verified that the loan proceeds were deposited into the Agency's bank accounts. However, the Agency did not establish written loan agreements. In addition, there is no record that the Agency's Board of Directors approved these loans. The Agency needs to establish written agreements for all loans indicating the amounts borrowed and the repayment terms, and obtain approval from the Board of Directors.

**Recommendation**

- 21. Turmont management establish written agreements for all loans indicating the amounts borrowed and the repayment terms, and obtain approval from the Board of Directors.**

**Insurance**

GH Contract Section 5.1.3 requires agency insurance policies to expressly indicate that the County must be given written notice by mail at least 30-days before the cancellation of all policies evidenced on the certificate of insurance. The Agency's workers compensation insurance certificate only provides a ten-day notice.

**Recommendation**

- 22. Turmont management ensure the Agency's insurance policies provide the County 30-day advance written notice of policy cancellation.**



**County of Los Angeles  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

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

PHILIP L. BROWNING  
Interim Director

Board of Supervisors  
GLORIA MOLINA  
First District  
MARK RIDLEY-THOMAS  
Second District  
ZEV YAROSLAVSKY  
Third District  
DON KNABE  
Fourth District  
MICHAEL D. ANTONOVICH  
Fifth District

January 13, 2011

Victor Bradley, Executive Director  
Turmont Home for Boys and Girls  
741 E. Turmont Street  
Carson, CA 90746

Dear Mr. Bradley:

**AUDITOR-CONTROLLER'S FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS  
- A GROUP HOME FOSTER CARE CONTRACT PROVIDER**

We have reviewed your fiscal corrective action plan (FCAP) received on January 9, 2012 in response to the Auditor-Controller's final draft fiscal audit. Additionally, Fiscal Monitoring staff will conduct an on-site review within 90 days to ensure compliance with implementation of the corrective actions.

We reviewed the information that you provided regarding the shelter cost and based on the Auditor-Controller analysis, the shelter cost questioned was reduced from \$66,400 to \$50,460. This changes the total questioned cost from \$92,317 to \$76,377.

Please contact the Los Angeles County Treasurer and Tax Collector (TTC), by January 17, 2012 to schedule a date and time to sign a repayment agreement for the amount of \$76,377. 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

Sincerely,

A handwritten signature in cursive script that reads "Latisha Thompson".

Latisha Thompson, ASM III  
Fiscal Monitoring and Special Payments

**Attachments**

c: Mike McWatters, Chief Accountant-Auditor (via electronic mail only)  
Sandra Gomez, Principal Accountant-Auditor (via electronic mail only)  
*"To Enrich Lives Through Effective and Caring Service"*

## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

#### Summary of Recommendations

Based on the FCAP dated January 9, 2012, submitted by Turmont Home for Boys and Girls, status of each recommendation is summarized as follows:

- 22 Recommendations (1-22) were fully addressed.
- Recommendations (    ) were partially addressed.
- 3   Recommendations (1, 3 & 19) directed to the Department were addressed.

#### Recommendation Status

1. **DCFS management resolve the \$92,317 in questioned expenditures and collect any disallowed amounts and collect any disallowed amounts.**

**Agency Proposed FCAP:** Turmont has submitted addition information regarding questionable expenditures and the total amount due. Once this information has been reviewed by DCFS, Turmont will make arrangements with DCFS to resolve any disallowed amounts or potential over payments and work with DCFS to come up with a voluntary repayment agreement.

**DCFS Response:** We reviewed the information that you provided regarding the shelter cost and based on the Auditor-Controller analysis, the shelter cost questioned was reduced from \$66,480 to \$50,460. This changes the total questioned cost from \$92,317 to \$76,377.

Please contact the Los Angeles County Treasurer and Tax Collector (TTC), by January 17, 2012 to schedule a date and time to sign a repayment agreement for the amount of \$76,377. 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  
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## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

2. Turmont management ensure that foster care monies are used only for allowable expenditures to carry out the purpose and activities of the GH program.

**Agency Proposed FCAP:** Turmont will assure that all Foster care monies are used only for allowable expenditures to carry out the purpose and activities of the group home program. All revenues and expenditures shall be supported by original vouchers, invoices and receipts. FCAP will be completed and implemented on 12/26/2011.

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

3. DCFS work with Turmont to resolve the potential overpayments and collect any verified overpayments.

**Agency Proposed FCAP:** Turmont has resolved all previous overpayments that are not relevant to this current fiscal audit period for 2009.

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

4. Turmont management ensure that future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.

**Agency Proposed FCAP:** Turmont will also ensure that any future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly. FCAP will be completed and implemented on 12/26/2011.

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

5. Turmont management ensure checks are not made payable to "Cash".

## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

**Agency Proposed FCAP:** Turmont will ensure that checks shall not be payable to "Cash" or signed in advanced. Checks shall be written to a specific employee designated by the Board for reimbursements of out-of-pocket cost. These expenses will be supported by receipts and invoices. FCAP will be completed and implemented on 2/29/2012.

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

6. **Turmont management ensure that check disbursements are approved by someone other than the payee.**

**Agency Proposed FCAP:** Employees responsible for approving cash disbursements and/or signing of checks shall examine all supporting documentation at the time the checks are approved and signed.

All disbursements, excluding petty cash purchases, shall be approved by persons independent of check preparation and bookkeeping activities. FCAP will be completed and implemented on 2/29/2012.

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

7. **Turmont management establish contracts with all independent contractors that include billing rates and services to be provided, to ensure services are provided at the agreed price.**

**Agency Proposed FCAP:** Turmont will assure that all Independent contractors maintain a current Contract with Turmont which will include: The type of services provided and agreed upon billing rate. Turmont will also ensure that services are provided as agreed upon. FCAP will be completed and implemented on 12/26/2011.

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

## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

8. **Turmont management ensure that payments to independent contractors are properly reported to the federal and State taxing agencies.**

**Agency Proposed FCAP:** Turmont will assure that form 1099 is issued for all Independent Contractors and that federal and state taxes are properly reported to all agencies. FCAP will be completed and implemented on 12/26/2011.

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

9. **Turmont management maintain time and attendance records for all independent contractors to verify invoices are accurate.**

**Agency Proposed FCAP:** Turmont will ensure that attendance and time records for all Independent contractors are accurately maintained at all times to ensure accurate invoices. FCAP will be completed and implemented on 12/26/2011.

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

10. **Turmont management ensure that the petty cash fund is not used as a substitute for normal purchasing and disbursement practices.**

**Agency Proposed FCAP:** Turmont will ensure that Petty Cash funds are used for small incidental expenses such as (postage and small office supply items etc.) and will not be used for normal purchasing such as food and household supplies. These purchases shall be supported by invoices, store receipts or other external authenticating document indicating the item purchased and the employee making the purchase. FCAP will be completed and implemented on 12/26/2011.

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

## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

11. **Turmont management maintain the petty cash fund on an imprest basis and limit the amount of the fund to \$500, or obtain written approval from DCFS to increase the petty cash fund limit.**

**Agency Proposed FCAP:** Turmont will maintain petty cash funds not to exceed \$500.00 on an imprest basis. A check will be drawn to set up the fund and to make periodic reimbursements. Receipts, vouchers, invoices, etc. supporting fund replenishment will be bound together, filed chronologically and cross referenced to the reimbursement check. FCAP will be completed and implemented on 12/26/2011.

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

12. **Turmont management ensure employees' timecards are signed by their supervisor to certify the accuracy of the reported time.**

**Agency Proposed FCAP:** Turmont will ensure that all timecards and time reports are signed in ink by the employee and the employee's supervisor to certify the accuracy of the reported time. FCAP will be completed and implemented on 12/26/2011.

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

13. **Turmont management ensure that County warrants are deposited timely, and consider enrolling in the County's direct deposit program.**

**Agency Proposed FCAP:** Turmont will ensure that all checks are restrictively endorsed upon receipt. Checks will be recorded on a check remittance log at the time of receipt.

Checks totaling \$500.00 or more shall be deposited within one day of receipt. Checks of less than \$500.00 will be deposited within one day or held in a secure place and deposited weekly or when the total amount of checks received reaches \$500.00. Whichever occurs first. FCAP will be completed and implemented on 12/26/2011.

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

## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

14. Turmont management ensure that all fixed are appropriately tagged.

**Agency Proposed FCAP:** Turmont will ensure that all fixed assets purchased with contract funds are to be used solely for the benefit of the contract and will be appropriately tagged to indentify it as such property. FCAP will be completed and implemented on 12/26/2011.

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

15. Turmont management ensure the fixed asset listing includes the serial number and source(s) of funding for all items.

**Agency Proposed FCAP:** Turmont will maintain a current listing of fixed assets, including the item description, serial number, date of purchase, acquisition cost and source of funding. FCAP will be completed and implemented on 02/29/2012.

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

16. Turmont management inventory fixed assets at least annually to ensure that all fixed assets are accounted for and maintained in proper working order.

**Agency Proposed FCAP:** Turmont will ensure that an inventory of all fixed assets will be conducted once each year to ensure that all fixed assets are accounted for and maintained in proper working order. FCAP will be completed and implemented on 02/29/2012.

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

17. Turmont management maintain mileage logs that identify the dates, destination, headquarters, purpose of trip, beginning and ending odometer readings, the resulting mileage, and clearly distinguish business and personal travel.

## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

**Agency Proposed FCAP:** Turmont will ensure that vehicle travel logs are maintained at all times. Travel logs will show date, starting point, destination and purpose of trip, beginning and ending odometer readings and resulting mileage. Vehicle mileage log will clearly identify business purpose. FCAP will be completed and implemented on 02/29/2012

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

18. **Turmont management issue retroactive Wages and Earnings (W-2) forms for the calendar years that the three officers were classified as independent contractors and prospectively ensure that all officers are properly classified as employees.**

**Agency Proposed FCAP:** Turmont will ensure that employees including officers are properly classified and that W-2 forms are issued according to IRS publication 15-A. retroactive W-2 forms will be issued for the calendar year that officers were improperly classified. FCAP will be completed and implemented on 02/29/2012.

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

19. **DCFS management ensure the Agency does not use foster care funds to pay fines, penalties or interest assessed by the State Employment Development Department, Franchise Tax Board, or the IRS for the Agency's failure to properly classify these employees.**

**Agency Proposed FCAP:** Turmont will ensure that the agency does not use foster care funds to pay fines, penalties or interest assessed by the State Employment Development Department, Francis Tax Board or the IRS for the Agency's Failure to properly classify our employees. FCAP will be completed and implemented on 12/26/2011.

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

20. **Turmont management ensure that the Board of Directors is independent as required by the California Corporations Code.**

## ATTACHMENT III

### FISCAL REVIEW OF TURMONT HOME FOR BOYS AND GIRLS - A GROUP HOME FOSTER CARE CONTRACT PROVIDER

**Agency Proposed FCAP:** Turmont will ensure that all Board of Directors are independent as required by the California Corporation Code Section 5227 which states that not more than 49% of the person's serving on the Board of any Corporation may be "interested persons". "Interested persons", include individuals currently being paid by the corporation for services rendered to it within the previous 12 months. This includes full-time and part-time employees or independent contractors. In addition, Board members that are related to anyone who has received payment from the corporation may also be an "interested person". FCAP will be completed and implemented on 02/29/2012.

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

21. **Turmont management establish written agreements for all loans indicating the amounts borrowed and the repayment terms, and obtain approval from the Board of Directors.**

**Agency Proposed FCAP:** Turmont will ensure loans to Turmont by employees or officers will be supported by a written loan agreement, this agreement will include the amount of the loan, repayment terms and records documenting that the lent funds were deposited into Turmont's bank account. All loans will be free of any interest charge and be approved by the Board of Directors for Turmont. FCAP will be completed and implemented on 12/26/2011.

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

22. **Turmont management ensure the Agency's insurance policies provide the County 30-day advance written notice of policy cancellation.**

**Agency Proposed FCAP:** Turmont will ensure that it maintains insurance coverage as required by the Contract Agreement and that the Insurance Carrier provides a 30day written advance notice of Insurance policy cancellation. FCAP will be completed and implemented on 12/26/2011.

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