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October 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: **DEPARTMENT OF PUBLIC SOCIAL SERVICES – STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF PROGRAM CONTRACTS – FISCAL YEARS 2009-10 THROUGH 2011-12**

The Department of Public Social Services (DPSS) contracts with private firms for services related to various State assistance programs. The contracts include temporary emergency shelter, employability screening services, vocational assessment services, learning disability evaluations/diagnoses, etc. The State requires the County to conduct financial and compliance audits of each contract, after the contracts have expired, to ensure the contractors complied with all State requirements.

At DPSS' request, we contracted with an independent Certified Public Accounting (CPA) firm, Thompson, Cobb, Bazilio & Associates (TCBA), to conduct financial and compliance audits of six DPSS program service contracts that expired from Fiscal Years (FY) 2009-10 through 2011-12. Payments to the six program service contractors totaled $6.9 million.

Review Summary

As indicated on the attached schedule, the audits disclosed that one contractor had underpaid the County by $288, and another contractor had overpaid the County by $120. The underpayment was due to erroneously claimed service fees, and the overpayment was due a mathematical error on a claim.

Review of Report

TCBA discussed their reports with each contractor and DPSS. DPSS management indicated that they have requested reimbursement for the $288 underpayment from Single Room Occupancy Housing Corporation, and that they have refunded the $120 overpayment to the Weingart Center Association.

Due to the number of audits, we have not attached copies of the individual reports. Please call me if you have any questions, or your staff may call Robert Campbell at (213) 253-0101 if you wish to review any of the reports.

WLW:JLS:RCG:MP

Attachment

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Public Information Office
Audit Committee

Attachment

DEPARTMENT OF PUBLIC SOCIAL SERVICES – STATE MANDATED FINANCIAL AND COMPLIANCE AUDITS OF PROGRAM CONTRACTS FISCAL YEARS 2009-10 THROUGH 2011-12

	Agency Name	Contract Name	Description of Services	Amount Paid to Contractor	Amounts Due (to)/from DPSS
1	Single Room Occupancy Housing Corporation	Shelter Services for Homeless General Relief Applicants/Participants	Temporary emergency shelter services for the homeless General Relief population.	$413,400	($288)
2	Weingart Center Association	Shelter Services for Homeless General Relief Applicants/Participants	Temporary emergency shelter services for the homeless General Relief population.	$312,528	$120
3	Los Angeles County Office of Education	GAIN/GROW/REP Vocational Assessment Services	Vocational assessment services to GAIN/GROW/REP participants and learning disability evaluation/diagnosis services to GAIN and REP participants.	$132,107	
4	QTC Medical Group, Inc.	Employability Screening Services for General Relief Applicants/Participants	Employability screening services to GR applicants and/or participants who claim they are unable to work due to a physical injury to determine whether or not they are able to work.	$4,037,327	
5	Los Angeles Homeless Services Authority	Homeless CalWORKS Families Project (HCFP)	Direct services to homeless CalWORKs families, including transportation to DMH and DPSS appointments, issuance of emergency shelter in hotel/motel or shelters, bus tokens, crisis intervention referrals for mental health services, referrals to transitional/permanent housing, and emergency supplies to families participating in the project.	$1,894,379	
6	Los Angeles Family Housing Corporation	Shelter Services for Homeless General Relief Applicants/Participants	Temporary emergency shelter services for the homeless General Relief population.	$125,568	
			Totals	**$6,915,309**	**($168)**