



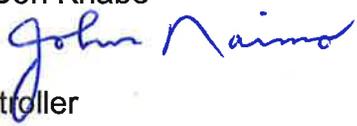
JOHN NAIMO
AUDITOR-CONTROLLER

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

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

May 26, 2015

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: John Naimo 
Auditor-Controller

SUBJECT: **ALMA FAMILY SERVICES – A DEPARTMENT OF MENTAL HEALTH
AND DEPARTMENT OF CHILDREN AND FAMILY SERVICES
PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a contract compliance review of Alma Family Services (Alma or Agency), which included a sample of billings from Fiscal Years (FY) 2012-13 and 2013-14. The Department of Mental Health (DMH) contracts with Alma 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) also contracts with the Agency to provide the Wraparound Approach Services (Wraparound) Program. The Wraparound Program provides services to children and their families such as therapy, housing, education, and social assistance.

The purpose of our review was to determine whether Alma provided the services outlined in their County contracts, billed DMH for Program services provided, and appropriately spent DMH and DCFS Program funds. We also evaluated the adequacy of the Agency's financial records, internal controls, and compliance with their contracts and other applicable guidelines.

During FYs 2012-13 and 2013-14, DMH paid Alma approximately \$9.1 and \$9.9 million on a cost-reimbursement basis, and DCFS paid the Agency approximately \$1.2 and \$1 million on a fee-for-service basis. The Agency provides services in the First and Fourth Supervisorial Districts.

Results of Review

DMH Program Review

Alma's treatment staff had the required qualifications to provide DMH Program services. However, the services for seven (18%) of the 38 billings reviewed, totaling \$1,333, were not included in the Client Care Plans as required for two clients who received Targeted Case Management services.

Alma's attached response indicates that they will repay DMH \$1,333, and provided documentation training to their treatment staff.

DMH and DCFS Fiscal Review

Alma generally maintained adequate documentation to support the DMH and DCFS expenditures reviewed. However, Alma did not require dual signatures for checks with high dollar amounts, and over-allocated \$2,251 to the Wraparound Program for their administrative and rent expenditures.

Alma's attached response indicates that they established a written policy regarding dual signatures, and will reduce the Wraparound Program expenditures by \$2,251.

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

Review of Report

We discussed our report with Alma, DMH, and DCFS. Alma's attached response indicates that they agree with our findings and recommendations. DMH and DCFS management will work with Alma to ensure our recommendations are implemented.

We thank Alma management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:sk

Attachments

- c: Sachi A. Hamai, Interim Chief Executive Officer
- Dr. Marvin J. Southard, D.S.W., Director, Department of Mental Health
- Philip L. Browning, Director, Department of Children and Family Services
- Avelino Villanueva, Board Chair, Alma Family Services
- Jean Champommier, President and Chief Executive Officer, Alma Family Services
- Public Information Office
- Audit Committee

**ALMA FAMILY SERVICES
DEPARTMENTS OF MENTAL HEALTH AND
CHILDREN AND FAMILY SERVICES PROGRAMS
CONTRACT COMPLIANCE REVIEW
FISCAL YEARS 2012-13 AND 2013-14**

DMH BILLED SERVICES

Objective

Determine whether Alma Family Services (Alma or Agency) provided the services billed to the Department of Mental Health (DMH) in accordance with their DMH contract and related guidelines.

Verification

We selected 38 (1%) of the 5,934 approved Medi-Cal billings for January and February 2014, which were the most current billings available at the time of our review (October 2014). We reviewed the Assessments, Client Care Plans, Progress Notes, and Informed Consent forms in the clients' case files for the selected billings. The 38 billings represent services provided to 15 clients.

Results

Alma overbilled DMH \$1,333 for seven (18%) of the 38 billings reviewed. Specifically the seven billings were for services not included in the Client Care Plans for two (13%) of the 15 clients. The DMH Provider's Manual Chapter 1, Page 20 requires a Client Care Plan to cover all services billed for Targeted Case Management services. The questioned amount for the two clients related to January and February 2014 billings. DMH will need to review the other ten months of the program year to determine the total amount of unsupported billings for the two clients.

Recommendations

Alma Family Services management:

- 1. Repay the Department of Mental Health \$1,333.**
- 2. Work with the Department of Mental Health to determine the total disallowed billing amount, and repay the Department of Mental Health the amount identified.**
- 3. Ensure that Client Care Plans are completed for all services provided.**

STAFFING QUALIFICATIONS**Objective**

Determine whether Alma's treatment staff had the required qualifications to provide the mental health services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 19 (37%) of the 52 Alma treatment staff who provided services to DMH clients during January and February 2014.

Results

Each employee reviewed had the qualifications required to provide the billed services.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether Alma properly recorded revenue in their financial records, deposited cash receipts into their bank accounts timely, and if bank account reconciliations were reviewed and approved by Agency management timely.

Verification

We interviewed Alma personnel, and reviewed their financial records and September 2014 bank reconciliations for two bank accounts.

Results

Alma properly recorded revenue in their financial records, deposited DMH and Department of Children and Family Services (DCFS) cash receipts timely, and bank reconciliations were reviewed and approved by Agency management timely. However, the Agency did not have an accounting policy for check writing procedures, including dual signatures for checks with high dollar amounts.

Recommendation

- 4. Alma Family Services management maintain adequate internal controls over cash disbursements by establishing a policy on check writing.**

COST ALLOCATION PLAN/EXPENDITURES**Objective**

Determine whether Alma's Cost Allocation Plan (Plan) complied with their County contracts, and if expenditures charged to the DMH and DCFS Programs were allowable, properly documented, and accurately billed.

Verification

We reviewed the Agency's Plan and their financial records for 67 (35 DMH, 13 DCFS, and 19 shared) non-payroll expenditures, totaling \$205,748 (\$165,973 DMH, \$15,913 DCFS, and \$23,862 shared), charged to the DMH and DCFS Programs from July 2012 through June 2014. We also interviewed Agency personnel.

Results

Alma prepared their Plan in compliance with their County contracts, and maintained documentation to support the DMH and DCFS Program expenditures reviewed. However, Alma over-allocated \$2,251 to the Wraparound Approach Services Program in Fiscal Year (FY) 2012-13 for their administrative and rent expenditures by using incorrect allocation rates.

Recommendation

- 5. Alma Family Services management reduce the Fiscal Year 2012-13 Wraparound Approach Services Program Expenditures by \$2,251, and repay the Department of Children and Family Services any excess amount received.**

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Alma's fixed assets and equipment purchased with DMH and DCFS funds were used for the appropriate Programs and adequately safeguarded.

Verification

We interviewed Alma personnel, and reviewed the Agency's fixed assets and equipment inventory list. We also performed a physical inventory of 18 items purchased with DMH and DCFS funds to verify the items exist and were being used for the Programs.

Results

Alma adequately safeguarded and used the items reviewed for the DMH and DCFS Programs. However, Alma did not conduct a physical inventory on an annual basis.

Recommendation

6. Alma Family Services management perform an annual physical inventory.

PAYROLL AND PERSONNEL

Objective

Determine whether Alma appropriately charged payroll costs to the DMH and DCFS Programs, and maintained personnel files as required.

Verification

We compared the payroll costs for 20 employees (13 direct and 7 shared), totaling \$83,652 (\$45,654 direct and \$37,998 shared) for June 2014, to the Agency's payroll records and time reports. We also interviewed staff and reviewed their personnel files.

Results

Alma appropriately charged payroll costs to the DMH and DCFS Programs, and maintained personnel files as required.

Recommendation

None.

COST REPORT

Objective

Determine whether Alma's FY 2012-13 DMH Cost Report reconciled to their financial records.

Verification

We compared the Agency's FY 2012-13 DMH Cost Report to their financial records.

Results

Alma's FY 2012-13 DMH Cost Report reconciled to their financial records.

Recommendation

None.



Progress through Commitment to Excellence
Celebrating Thirty Five Years of Service

April 24, 2015

Mr. John Naimo
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
500 W Temple St., Room 525
Los Angeles, CA 90012

**ALMA FAMILY SERVICES – A DEPARTMENT OF MENTAL HEALTH AND
DEPARTMENT OF CHILDREN AND FAMILY SERVICES PROVIDER – CONTRACT
COMPLIANCE REVIEW**

Dear Mr. Naimo,

Relative to the contract compliance review of Alma Family Services (Alma or Agency) for fiscal years (FY) 2012-13 and 2013-14, please see the Agency's responses and corrective action plans for your Department's comments and recommendations below.

DMH BILLED SERVICES

Results

Alma overbilled DMH \$1,333 for seven (23%) of the 38 billings reviewed. Specifically for the nine billings, Alma did not complete the Client Treatment Plans for two (40%) of the five clients, as required by the DMH Provider's Manual Chapter 1, Page 20. According to the DMH Provider's Manual, a Client Treatment Plans is required to cover all services billed for Targeted Case Management services. The questioned amount is only for January and February 2014. DMH will need to determine the total amount of unsupported billings.

Recommendations

Alma Family Services management:

1. Repay the Department of Mental Health \$1,333.
2. Work with the Department of Mental Health to determine total disallowed

- billing amount, and repay the Department of Mental Health the amount identified.
3. Ensure that Client Treatment Plans are completed for all services provided.

Agency's Comments and Corrective Action Plan

1. Alma concurs and will repay DMH \$1,333.
2. Alma will also work with DMH to determine total disallowed amount, and will repay DMH the amount identified.
3. Alma has incorporated the above findings into documentation trainings with staff regarding Intensive Care Coordination (ICC) services. Training has been provided to Wraparound staff regarding the type of goal (TCM) required to support ICC services. Alma will continue to require that staff complete Client Treatment Plans, including case management goals for ICC that are SMART, client driven and include client/parent/guardian signature for TCM goal(s).

STAFFING QUALIFICATIONS

Results

Each employee reviewed had the qualifications required to provide the billed services.

Recommendation

None.

Agency's Comments and Corrective Action Plan

None.

CASH/REVENUE

Results

Alma properly recorded revenue in their financial records, deposited their DMH and Department of Children and Family Services (DCFS) payments timely, and bank reconciliations were reviewed and approved by Agency management timely. However, the Agency did not have an accounting policy over check writing procedures, including dual signatures for checks with high dollar amounts.

Recommendation

4. Alma Family Services management maintain adequate internal controls over cash disbursement by establishing a policy on check writing.

Agency's Comments and Corrective Action Plan

4. Alma's policy has always been that all checks are reviewed by its CFO and signed by the CEO. However, this had not been formally documented in a written policy at the time of review by the Auditor-Controller's staff. A written policy has been established since then, including dual signatures for checks with material dollar amounts.

COST ALLOCATION PLAN AND EXPENDITURES

Results

Alma prepared their Plan in compliance with the County contracts, and maintained documentation to support the DMH and DCFS Program expenditures reviewed. However, Alma over allocated \$2,251 to the Wraparound Program in FY 2012-13 for their administrative and rent expenditures by using incorrect allocation rates.

Recommendation

5. Alma Family Services management reduce the Fiscal Year 2012-13 Program Expenditures by \$2,251, and repay the Department of Children and Family Services any excess amount received.

Agency's Comments and Corrective Action Plan

5. Alma concurs. The Agency will reduce its Wraparound expenses by \$2,251 for FY2012-13 and will pay DCFS any excess amount received.

FIXED ASSETS AND EQUIPMENT

Results

Alma adequately safeguarded, and used the items we reviewed for the DMH and DCFS Programs. However, Alma did not conduct a physical inventory on an annual basis.

Recommendation

6. Alma Family Services perform an annual inventory.

Agency's Comments and Corrective Action Plan

6. Although Alma maintains and regularly updates its fixed asset listing, the Agency will now also conduct a physical inventory on an annual basis to

further strengthen its controls on fixed assets. The agency is now in the process of performing said inventory to update its fixed asset listing.

PAYROLL AND PERSONNEL

Results

Alma appropriately charged payroll costs to the DMH and DCFS Programs, and maintained the personnel files as required.

Recommendation

None.

Agency's Comments and Corrective Action Plan

None.

COST REPORT

Results

Alma's FY2012-13 DMH Cost Report reconciled to their financial records.

Recommendation

None.

Agency's Comments and Corrective Action Plan

None.

Should you have any questions, please feel free to contact me at (323) 526-4016.

Sincerely,


Jean G. Champommier, Ph.D.
President and CEO