



County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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

BRANDON T. NICHOLS
Acting Director

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September 27, 2017

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: *for Cynthia McCoy Miller*
Brandon T. Nichols
Acting Director

STARSHINE TREATMENT CENTER FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of the Starshine Treatment Center (the Group Home) in March 2017. The Group Home has four licensed sites located in San Bernardino County and provides services to the County of Los Angeles Probation foster youth and youth placed by other counties. According to the Group Home's Program Statement, its stated purpose is "to provide care, education, and rehabilitation for youth ranging in age from 12 through 21 who are unable, for many varied reasons, to live with their families, relatives or guardians."

At the time of the review, the Group Home served five Probation foster youth. The youth's average length of placement was 12 months and their average age was 18.

SUMMARY

CAD conducted a Fiscal Compliance Assessment which included an agency-wide review of the Group Home's financial records: financial statements; bank statements; check register(s); and personnel files to determine their compliance with the Group Home Contract.

The Group Home was in full compliance with 4 of 5 applicable areas of the Fiscal Compliance Assessment: Loans, Advances and Investments; Board of Directors and Business Influence; Cash/Expenditures; and Payroll and Personnel.

CAD identified a potential internal control weakness in the area of Financial Overview, related to the untimely completion and submission of Semi-Annual Expenditure Reports.

REVIEW OF REPORT

On April 18, 2017, Helga Kiaian, DCFS CAD Fiscal, held an exit conference with the Group Home representatives: James B. Pace, Executive Director, and Cecilia R. Pace, Administrator. The Group Home representatives agreed with the review finding and recommendation; were receptive to implementing systemic changes to improve compliance with regulatory standards; and agreed to address the potential internal control weakness in a Fiscal Corrective Action Plan (FCAP).

The Group Home provided the attached approved FCAP addressing the recommendation noted in this report.

If you have any questions, your staff may contact me or Aldo Marin, Board Relations Manager at (213) 351-5530.

BN:KR
LTI:hk

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Terri L. McDonald, Chief Probation Officer
Sheila Mitchell, Chief Deputy Probation Officer, Juvenile Services
John Naimo, Auditor-Controller
Public Information Office
Audit Committee
Sybil Brand Commission
James B. Pace, Executive Director, Starshine Treatment Center
Lenora Scott, Regional Manager, Community Care Licensing Division

**STARSHINE TREATMENT CENTER
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2016 - 2017**

SCOPE OF REVIEW

The Fiscal Compliance Assessment included review of the Group Home's financial records for the period of July 1, 2015 through June 30, 2016, and November 1, 2016 through January 31, 2017. CAD reviewed the financial statements; bank statements; check register(s); and personnel files to determine their compliance with the Group Home contract.

The on-site Fiscal Compliance Assessment review focused on five key areas of internal controls:

- Financial Overview,
- Loans, Advances and Investments,
- Board of Directors and Business Influence,
- Cash/Expenditures, and
- Payroll and Personnel.

The Group Home was in full compliance with 4 of 5 applicable areas of the Fiscal Compliance Assessment: Loans, Advances and Investment; Board of Directors and Business Influence; Cash/Expenditures; and Payroll and Personnel.

FISCAL COMPLIANCE

CAD found a potential internal control weakness in the following area:

Financial Overview

- Semi-Annual Expenditure Reports (SAERs) for the periods of July 2016 to December 2016, January 2016 to June 2016, and July 2015 to December 2015, which were due on March 1, 2017, September 1, 2016, and March 1, 2016, respectively, were received on March 15, 2017.

The Group Home's contracted Certified Public Accountant will ensure that SAERs are submitted no later than September 1st and March 1st, as required by the contract.

Recommendation:

The Group Home's management shall ensure that:

1. SAERs are submitted timely.

PRIOR YEAR FISCAL COMPLIANCE ASSESSMENT FOLLOW-UP

CAD conducted a Fiscal Compliance Assessment of the Group Home in County Fiscal Year (FY) 2015-16. There were no findings.

NEXT FISCAL COMPLIANCE ASSESSMENT

The next Fiscal Compliance Assessment of the Group Home will be conducted in County FY 2017-2018.

STARSHINE TREATMENT CENTER, INC.
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SAN BERNARDINO, CA 92404
(909) 882-7978 Office
(909) 882-1282 Fax

April 18, 2017

Los Angeles County
Fiscal Compliance Administrator
Attn: Helga Kiaian

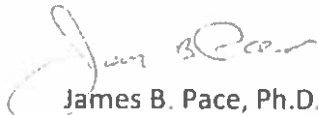
RE: FCAP for On-Site Fiscal Compliance Assessment: 03/07, 08, 10/2017
FCAT Section 1 – Financial Overview

Finding – Semi-Annual Expenditure Report for the periods of July to December 2016, January to June, 2016 and July to December, 2015 which were due to DCF5 on March 1, 2017, September 1, 2016 and March 1, 2016 respectively were received on March 15, 2017.

Starshine's Corrective Action Plan – Starshine Treatment Centers contracted, CPA, Kenneth Bersinger, will submit our Semi-Annual Expenditure Reports to your department by the 1st of March and the 1st of September as is required by our contract.

If you have any further questions please do not hesitate to contact our office.

Sincerely,


James B. Pace, Ph.D.
Executive Director