COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

July 5, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **DOOR OF HOPE COMMUNITY CENTER, INC. CONTRACT - WORKFORCE INVESTMENT ACT PROGRAMS**

We have conducted a program, fiscal and administrative contract review of Door of Hope Community Center, Inc. (Door of Hope or Agency), a Workforce Investment Act (WIA) Program service provider.

Background

The Department of Community and Senior Services (DCSS) contracts with Door of Hope, a private, non-profit agency to provide and operate the WIA youth program. The WIA youth program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Door of Hope is compensated on a cost reimbursement basis. For fiscal year (FY) 2004-2005, DCSS paid Door of Hope approximately $191,700 and for FY 2005-2006, Door of Hope's contract is for approximately $178,267. Door of Hope's office is located in the First District.

Purpose/Methodology

The purpose of the review was to determine whether Door of Hope complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to youth participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County guidelines.

Results of Review

Overall, Door of Hope provided the services in accordance with the County contract and WIA guidelines. In addition, Door of Hope maintained adequate controls over its business operations.

The Agency did not maintain sufficient documentation to support the payroll expenses charged to DCSS for November 2005. Specifically, six (75%) of the eight employees' timecards either did not indicate the number of hours worked on the WIA program, or the employees and/or the supervisors did not approve the timecards as required. The County contract requires the contractor bill DCSS based on actual expenditures incurred for which the contractor has adequate supporting documentation for such expenditures.

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

Review of Report

We discussed our report with Door of Hope on June 15, 2006. In their attached response, Door of Hope concurred with our findings and recommendations. We also notified DCSS of the results of our review. We will follow-up on the recommendations during our next year's monitoring review.

We thank Door of Hope for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Cynthia Banks, Director, Department of Community and Senior Services
Shirley Melendez, President and CEO, Door of Hope Community Center, Inc.
Public Information Office
Audit Committee

WORKFORCE INVESTMENT ACT PROGRAM
DOOR OF HOPE COMMUNITY CENTER, INC.
FISCAL YEAR 2005-06

ELIGIBILITY

Objective

Determine whether Door of Hope Community Center Inc. (Door of Hope or Agency) provided services to youths that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We selected a sample of six (12%) youth program participants from a total of 52 participants that received services between July 2005 and January 2006. We reviewed the six case files for documentation to confirm their eligibility for WIA program services.

Results

The case files for all six program participants contained documentation to support the participants' eligibility to receive program services.

Recommendation

There are no recommendations in this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether Door of Hope provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the youth program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for six (12%) program participants that received services during July 2005 through January 2006. We also interviewed one youth participant. We were unable to locate the remaining five youth participants/guardians. However, we reviewed case file documentation that sufficiently documented that the participants received services.

Results

The one youth program participant interviewed stated that the services received met her expectations. In addition, the case files for the six participants contained documentations to support the services billed to DCSS.

Recommendation

There are no recommendations in this section.

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed Door of Hope's bank reconciliations for October, November and December 2005.

Results

Door of Hope maintained adequate controls to ensure that cash receipts and revenues were properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations in this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for 24 (47%) of the 51 non-personnel expenditure transactions billed by the Agency for October, November and December 2005, totaling $12,170.

Results

Door of Hope's expenditures were allowable, properly documented and accurately billed to DCSS as required.

Recommendation

There are no recommendations in this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in areas such as expenditures, payroll and personnel.

Results

Generally, Door of Hope maintained adequate controls over its business operations. However, Door of Hope did not have a fire inspection certificate.

Recommendation

1. **Door of Hope management ensure that the fire inspection is performed.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Door of Hope's fixed assets and equipment purchases made with WIA funds are used for the WIA program and that the items are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's inventory listing. In addition, we performed an inventory and reviewed the usage of the ten (48%) of the twenty-one pieces of equipment purchased with WIA funds, totaling approximately $5,840.

Results

Door of Hope used the assets purchased with WIA funding for the WIA program. In addition, the assets were appropriately safeguarded.

Recommendation

There are no recommendations in the section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed the payroll expenses invoiced for all eight employees in November 2005, totaling $9,712, to the payroll records and time reports. We also interviewed one employee and reviewed personnel files for five employees assigned to the WIA program.

Results

The Agency did not maintain sufficient documentation to support the payroll expenses charged to DCSS for November 2005. Specifically, six (75%) of the eight employees' timecards either did not indicate the number of hours worked on the WIA program, or the employees and/or the supervisors did not approve the timecards as required. The County contract requires the contractor bill DCSS based on actual expenditures incurred for which the contractor has adequate supporting documentation for such expenditures.

Recommendations

Door of Hope management:

2. **Ensure that hours worked on various programs are reflected on the employees' timecards.**

3. **Ensure that both the employee and their supervisor sign the timecards.**

COST ALLOCATION PLAN

Objective

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and applied to program costs.

Verification

We reviewed Door of Hope's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during October, November, and December 2005 to ensure that the expenditures were properly allocated to the Agency's appropriate programs.

Results

Door of Hope's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations in this section.

DOOR OF HOPE COMMUNITY CENTER
1414 S. Atlantic Blvd.
Los Angeles, CA 90022
(323) 262-2777 fax (323) 262-3610

June 15, 2006

J. Tyler McCauley
AUDITOR-CONTROLLER

Re: Contract Review (WIA)

INTERNAL CONTROLS/CONTRACT COMPLICANCE

Results

Generally, Door of Hope maintained adequate controls over its business operations. However, Door of Hope did not have a fire inspection certificate.

Recommendations

1. Door of Hope management ensure that the fire inspection is performed.

We called numerous times to get the number of fire truck 22 in City of Commerce. They came in but never leave us any paperwork. They also inspect the school class rooms.

PAYROLL AND PERSONNEL

Results

The Agency did not maintain sufficient documentation to support the payroll expenses charged to DCSS for November 2005. Specifically we noted six (75%) of the eight employees timecards either did not indicate the number of hours worked on the WIA program, or the employees and/or the supervisors did not approve the timecards as required. The County contract requires the contractor bill DCSS based on actual expenditures incurred for which the contractor has adequate supporting documentation for such expenditures.

Recommendations

Door of Hope management:

Ensure that hours worked on various programs are reflected on the employees timecards.

The hours on the employees timecards has been taken care of.

Ensure that both the employee and their supervisor sign the timecards.

Both the employee and supervisor has sign the timecards.