



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

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Director

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December 2, 2016

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To: Supervisor Hilda L. Solis, Chair
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From: Philip L. Browning
Director

DELIANN-LUCILE DBA DELILU ACHIEVEMENT HOME FISCAL COMPLIANCE ASSESSMENT

The Department of Children and Family Services (DCFS) Contracts Administration Division (CAD) conducted a Fiscal Compliance Assessment of the Deliann-Lucile dba Delilu Achievement Home (the Group Home) in November 2015. The Group Home has two sites located in the Second Supervisorial District and provides Group Home Emergency Shelter Care services to the County of Los Angeles DCFS placed children and Group Home Services to Probation foster youth.

At the time of the review, the Group Home supervised five DCFS placed children and eight Probation foster youth. The placed children's overall average length of placement was 30 days for the Group Home and eight days for the Emergency Shelter, and their average age was 15.

SUMMARY

CAD conducted a Fiscal Compliance Assessment which included an agency-wide review of the Group Home's financial records, such as financial statements, bank statements, check register, and personnel files to determine their compliance with the terms, conditions, and requirements of the Group Home contracts with DCFS, the Probation Department, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook), and other applicable federal, State, and County regulations and guidelines.

The Group Home was in full compliance with 2 of 5 applicable areas of the Fiscal Compliance Assessment: Loans, Advances and Investments; and Board of Directors and Business Influence.

CAD identified potential internal control weaknesses in the areas of: Financial Overview, related to a loss from operations; Cash/Expenditures, related to an incomplete fixed asset inventory; and Payroll and Personnel, related to missing Fair Labor Status Act forms in the non-exempt employee personnel files and missing an employee's signature on one time sheet.

REVIEW OF REPORT

On December 18, 2015, Molly Sun, DCFS CAD and Kedra Frelix, Probation Child Welfare, held an exit conference with the following Group Home representatives: Mary Davis, Executive Director and Charles Davis, Assistant Executive Director. The Group Home representatives agreed with the review findings and recommendations and will be implementing systemic changes to improve compliance with regulatory standards. The Group Home agreed to address the noted potential internal control weaknesses in the attached approved Fiscal Corrective Action Plan.

A copy of this report has been sent to the Auditor-Controller and Community Care Licensing.

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

PLB:KR
LTI:ms

Attachments

c: Sachi A. Hamai, Chief Executive Officer
John Naimo, Auditor-Controller
Calvin C. Remington, Interim Chief Probation Officer
Audit Committee
Public Information Office
Sybil Brand Commission
Mary Davis, Executive Director, Deliann-Lucile dba Delilu Achievement Home
Lenora Scott, Regional Manager, Community Care Licensing Division
Lajuannah Hills, Regional Manager, Community Care Licensing Division

**DELIANN-LUCILE CORPORATION
FISCAL COMPLIANCE ASSESSMENT REVIEW
FISCAL YEAR 2015 - 2016**

SCOPE OF REVIEW

The Fiscal Compliance Assessment included a review of the Deliann-Lucille dba Delilu Achievement Home's (the Group Home) financial records for the period of July 1, 2013 through June 30, 2014 and July 1, 2015 through September 30, 2015. The Contract Administration Division (CAD) reviewed financial statements, bank statements, check register, and personnel files to determine the Group Home's compliance with the terms, conditions, and requirements of the Group Home contracts with DCFS, the Probation Department, the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook), and other applicable federal, State, and County regulations and guidelines.

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 2 of 5 applicable areas of the Fiscal Compliance Assessment: Loans, Advances and Investments; and Board of Directors and Business Influence.

FISCAL COMPLIANCE

CAD found the following areas out of compliance:

Financial Overview

- According to the Audited Financial Statements for the period ending June 30, 2014, the Group Home incurred a loss from operations of \$64,161.

The Group Home's Executive Director will institute various cost saving measures which include salary reductions and seek to purchase new insurance at a reduced rate.

Recommendation:

The Group Home's management shall ensure that:

1. A plan is developed and implemented to eliminate future losses.

Cash/Expenditures

- The Fixed Asset Inventory did not include all required elements.

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The Fixed Asset Inventory was missing the acquisition date and cost. The Group Home reported that all of the inventory assets had to be in place prior to the Group Home receiving its facility license. The Group Home's Assistant Executive Director will ensure that moving forward, all required elements are included on the Fixed Asset Inventory as new items are purchased.

Recommendation:

The Group Home's management shall ensure that:

2. The Fixed Asset Inventory includes all required elements.

Payroll and Personnel

- A non-exempt employee's personnel file did not include a Fair Labor Standards Act (FLSA) form.

The Group Home's Executive Director will ensure all required forms are included in staff personnel files.

- An employee did not sign one time sheet.

The Group Home's Officer Manager will ensure that all time sheets are signed by employees.

Recommendations:

The Group Home's management shall ensure that:

3. Personnel files include the completed FLSA forms for all non-exempt employees.
4. All employees sign their time sheets.

PRIOR YEAR FOLLOW-UP FROM DCFS CAD'S FISCAL COMPLIANCE ASSESSMENT

CAD's last Fiscal Compliance Assessment dated March 14, 2016 (review conducted in March 2015), identified six recommendations to the Group Home. CAD verified that 5 of 6 recommendations have been implemented by the Group Home.

NEXT FISCAL COMPLIANCE ASSESSMENT

The next Fiscal Compliance Assessment of the Group Home will be conducted in County Fiscal Year 2016-2017.

Deliann-Lucile Corporation
Delilu Achievement Home
5800A Hannum Avenue #230
Culver City, CA 90232

January 15, 2016

Fiscal Compliance Administrator
Contracts Administration Division
Department of Children and Family Services
3530 Wilshire Blvd., 4th Floor
Los Angeles, CA 90010

FISCAL CORRECTIVE ACTION PLAN (FCAP)

- I.* The Audited Financial Statement for the period of June 30, 2014 indicated a loss from operations of \$64,161.00.

FCAP

Effective November 2014, Deliann-Lucile's Executive Director instituted various cost saving measures which will allow Deliann-Lucile Corp to operate within budget. These measures include a cross the board reduction in employee salaries and pay rates; and also seek to purchase the agency's required company insurance policies at a reduced rate. Additionally, the agency will work with the County/State to maintain a full capacity of individual served.

- II.* The Inventory list of fixed assets did not include acquisition cost and date of purchase.

FCAP

By March 31, 2016 the Executive Assistant will work with the Office Manager to obtain missing information which is to be included on the current Assets Inventory document. This information will include; item description, serial number, date of purchase, acquisition cost and source of funding.

- III.* Employees personnel file did not include Fair Labor Standards Acts Form..

FCAP


As of January 7, 2016 all staff will have received the required Federal and State personnel forms that will be maintained in the personnel files. This includes the Fair

Labor and Standards Acts Form which was distributed by the Executive Director. All new employees will receive this information as a part of the hiring process.

- IV.* One Time Sheet was not signed by an employee.
FCAP

The Office Manager will immediately assume the responsibility of ensuring that all times sheets are signed by the appropriate personnel. These documents will be checked regularly by the Executive Assistant.

Signed:

A handwritten signature in cursive script that reads "Mary L. Davis".

Mary L. Davis, CEO
Deliann-Lucile Corporation