



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

OFFICE OF COUNTY INVESTIGATIONS  
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October 11, 2022

TO: Dr. Laura Trejo, Director  
Aging & Disabilities Department

FROM: Greg Hellmold, Chief  
Office of County Investigations

SUBJECT: **AGING & DISABILITIES DEPARTMENT – IMPROVEMENT  
OPPORTUNITIES NOTED DURING LIMITED REVIEW AT  
WORKFORCE DEVELOPMENT, AGING AND COMMUNITY  
SERVICES DEPARTMENT (REPORT #IOR-2011-5711) - FIRST  
FOLLOW UP REVIEW**

We completed a follow-up review of the Workforce Development, Aging and Community Services Department (WDACS) Improvement Opportunities Noted During Chicana Service Action Center (CSAC) Investigation Report dated April 18, 2018 (Report #IOR-2011-5711). Our follow-up was delayed due in part to technical and legal questions surrounding implementation of the recommended actions pertaining to client confidentiality concerns, as well as other assignment priorities.

Our original report was issued to WDACS, as the CSAC contracts were part of its Workforce programming. However, the implementation of this recommendation, specifically direct client and service verification, is a best practice that applies to all County departments that hire contractors to provide client-based services. In addition, direct client and service verification will soon be incorporated into the County Fiscal Manual as a requirement.

WDACS implemented direct client service verification prior to being dissolved and transferring the workforce program to Department of Economic Opportunity on July 1, 2022. However, WDACS did not complete their planned implementation of direct client and service verification in all their aging programming. Therefore, as administration of WDACS' aging programming and contracted client-based service programs were transferred to the new Aging & Disabilities Department (Aging & Disabilities), so are the responsibilities for implementing the direct client and service verification in these programs.

As summarized in Table 1, the recommendation originally assigned to WDACS and now under the responsibility of Aging & Disabilities is partially implemented.

**Table 1 - Results of First Follow-up Review**

RECOMMENDATION IMPLEMENTATION STATUS				
PRIORITY RANKINGS	TOTAL RECOS	FULLY IMPLEMENTED	OUTSTANDING RECOMMENDATIONS	
			PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	0	0	0	0
PRIORITY 2	1	0	1	0
PRIORITY 3	0	0	0	0
TOTAL	1	0	1	0
			1	

For details of our review and the applicable corrective actions, please see Attachment.

Aging & Disabilities has confirmed their commitment to fully implement the recommendation to strengthen controls and help detect fraud that may exist in client billings from contracted service providers. We will continue to work with Aging & Disabilities, and update you on the status of their efforts, as part of our second follow up review that we will complete in accordance with our standard procedures.

We thank Aging & Disabilities management and staff for their cooperation and assistance during our review. If you have any questions, please contact me at (213) 893-0243 or [ghellmold@auditor.lacounty.gov](mailto:ghellmold@auditor.lacounty.gov), or your staff may contact Investigator Rocky Kelly at (213) 893-0574 or [rkelly@auditor.lacounty.gov](mailto:rkelly@auditor.lacounty.gov).

GH:GLS:RK:rk

Attachment

c: Arlene Barrera, Auditor-Controller  
Audit Committee  
Audit Division  
Countywide Contract Monitoring Division

# LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment  
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**Robert G. Campbell**  
ASSISTANT AUDITOR-CONTROLLER

**Greg Hellmold**  
DIVISION CHIEF

## OFFICE OF COUNTY INVESTIGATIONS

Report #F1-2011-5711-B

### AGING & DISABILITIES DEPARTMENT IMPROVEMENT OPPORTUNITIES NOTED DURING CHICANA SERVICE ACTION CENTER INVESTIGATION (#IOR-2011-5711) FIRST FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p><b>1</b> <b>Priority 2</b> – Aging &amp; Disabilities Department (Aging &amp; Disabilities, or Department) management ensure that robust client- and service-verification procedures are in place whenever contractors directly provide social services to County clients. Such verification can be accomplished in many ways, but must include specific procedures for directly contacting, corresponding with, and/or interviewing a representative sample of service recipients to obtain assurance that they exist, are eligible, and have received the services specified in the contracts and billed to the County.</p> <p><b>Original Issue/Impact:</b> Contract monitoring procedures for programs transferred to Aging &amp; Disabilities did not require staff to independently verify directly with clients, on a sample basis, that they are receiving the services being paid for by the County. As a result, payments could be issued for clients who did not receive services and/or who are not eligible for services.</p> <p>Specifically, we found evidence that another County department paid \$6,440,120 over a four-year period to a contracted client service provider (Chicana Service Action Center) who submitted at least \$4,819,564 (75%) in fraudulent billings for Workforce and Welfare-to-Work services they either did not provide and/or for services they provided to clients who were ineligible for those services.</p>	<p><b>Recommendation Status: Partially Implemented</b></p> <p>Aging &amp; Disabilities management indicated that they implemented the recommendation for 18 (82%) of their 22 programs where Aging &amp; Disabilities' contractors provide services directly to County clients. We reviewed the Department's contract compliance workpapers for a sample of three programs:</p> <ul style="list-style-type: none"> <li>• California Department of Aging – Congregate Senior Meals funded by the Coronavirus Aid, Relief, and Economic Security Act</li> <li>• Area Agency on Aging – Supportive Services Program IIIB</li> <li>• Older Americans Act, The Congregate Nutrition Program (Title III C1) – Elderly Nutrition Program</li> </ul> <p>The Department's contract compliance records indicate that they fully implemented the recommendation for all three (100%) contracts reviewed. We found that the Department conducted phone interviews with a sample of active clients who were contacted via a channel independent of the contractors providing the services, to verify that the clients exist and are eligible. Aging &amp; Disabilities should also include past/recently discharged clients in their sample populations for future reviews. In addition, the Department indicated, and we confirmed, that for two of the programs where this recommendation has been implemented, the Auditor-Controller's Countywide Contract Monitoring Division is responsible for performing the program reviews, which includes verifying services with a sample of clients via telephone interviews.</p> <p>For one (4.5%) of the 22 programs (Long-Term Care Ombudsman or LTCO Program), Aging &amp; Disabilities management indicated that they have not implemented client and service verification due to</p>

**Priority Ranking:** Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Agency's operations if corrective action is not taken.

RECOMMENDATION	A-C COMMENTS
	<p>confidentiality laws that protect the identity of program participants. Specifically, LTCO Program contractor provides client identifying information directly to the State, without disclosing the information to Aging &amp; Disabilities, and Aging &amp; Disabilities pays the invoices submitted by their contractor without verifying the legitimacy of the billings. Aging &amp; Disabilities management indicated that they are working with the State and County Counsel to identify ways to mitigate the fraud risk associated with the \$1.76 million in annual payments they make to the contractor.</p> <p>For the remaining three (13.5%) of 22 programs where the recommendation has not yet been implemented, Aging &amp; Disabilities management indicated that:</p> <ul style="list-style-type: none"> <li>• Adult Protective Services (APS) Shelter program is in the middle stages of implementation and will be fully implemented during Fiscal Year (FY) 2022-23. Aging &amp; Disabilities' Compliance Unit indicated that it has updated its monitoring plan and review tool to include direct client and service verification in their upcoming reviews.</li> <li>• APS Home Safe program is in the middle stages of implementation and will be fully implemented during FY 2022-23. Aging &amp; Disabilities' Compliance Unit indicated that it has updated its monitoring plan and review tool to include direct client and service verification in their upcoming reviews.</li> <li>• The Health Insurance Counseling and Advocacy Program contract will be amended to reflect client data sharing. Aging &amp; Disabilities compliance unit indicated that it is creating its monitoring plan and review tool to have direct client and service verification in their upcoming reviews.</li> </ul> <p>Aging &amp; Disabilities management indicated they plan to fully implement the recommendation by January 30, 2023.</p>

We conducted our review in conformance with the International Standards for the Professional Practice of Internal Auditing. For more information on our auditing process, including recommendation priority rankings, the follow-up process, and management's responsibility for internal controls, visit [auditor.lacounty.gov/audit-process-information](https://auditor.lacounty.gov/audit-process-information).

**Priority Ranking:** Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Agency's operations if corrective action is not taken.