



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

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December 8, 2023

TO: Jackie Contreras, Ph.D., Director
Department of Public Social Services

Barbara Ferrer, Ph.D., M.P.H., M.Ed., Director
Department of Public Health

FROM: Greg Hellmold, Division Chief *Greg Hellmold*
Office of County Investigations

SUBJECT: **DEPARTMENT OF PUBLIC SOCIAL SERVICES – IMPROVEMENT
OPPORTUNITIES NOTED DURING CHICANA SERVICE ACTION
CENTER INVESTIGATION (REPORT #IOR-2011-5711) - SECOND AND
FINAL FOLLOW-UP REVIEW**

We completed a second and final follow-up review of the Department of Public Social Services (DPSS or Department) Improvement Opportunities Noted During Chicana Service Action Center Investigation Report dated April 18, 2018 (Report #IOR-2011-5711). We reviewed the status of one Priority 2 recommendation that had not been fully implemented in our first follow-up report issued on December 14, 2021.

Our report was issued to DPSS as the respective contracts were under the purview of DPSS at the time. Subsequent to the issuance of the respective report, responsibilities related to one contract group were transferred to the Department of Public Health (DPH). Specifically, in 2018 one of the group's contracts was transferred to DPH and the administrative and monitoring responsibilities for a second contract were also transferred to DPH, although DPSS maintained funding responsibility. Therefore, the responsibilities for implementing the direct client and service verification for one contract transferred over to DPH and are shared among DPSS and DPH and for the second contract.

As summarized in Table 1, DPSS and DPH partially implemented the outstanding recommendation.

Table 1 - Results of Second and Final Follow-up Review

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

For details of our review and the Department’s corrective actions, please see Attachment.

DPSS and DPH 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 thank DPSS and DPH 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, or your staff may contact Supervising Investigator Graciela Soto at (213) 893-0552 or gsoto@auditor.lacounty.gov.

GH:SL:GLS:rk

Attachment

c: Oscar Valdez, Auditor-Controller
 Audit Committee
 Audit Division

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Robert G. Campbell
ASSISTANT AUDITOR-CONTROLLER

Greg Hellmold
DIVISION CHIEF

OFFICE OF COUNTY INVESTIGATIONS

Report #F2-2011-5711-A

DEPARTMENT OF PUBLIC SOCIAL SERVICES IMPROVEMENT OPPORTUNITIES NOTED DURING CHICANA SERVICE ACTION CENTER INVESTIGATION (REPORT #IOR-2011-5711) SECOND AND FINAL FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 2 – Department of Public Social Services (DPSS 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>Original Issue/Impact: DPSS’ contract monitoring procedures do not require staff to independently verify directly with clients, on a sample basis, that they are receiving the services being paid for by DPSS. As a result, payments could be issued for clients who did not receive services and/or who are not eligible for services.</p> <p>We found evidence that the County paid at least \$4,182,927 over a four-year period to a contracted client service provider who submitted fraudulent billings for services they either did not provide and/or for services they provided to clients who were ineligible for those services.</p>	<p>Recommendation Status: Partially Implemented</p> <p>During our first follow-up review, DPSS indicated they implemented the recommendation for six (60%) of their ten types of contracts (i.e., “contract groups”) where DPSS contractors provide services directly to clients.</p> <p>During this review, we obtained samples showing DPSS maintained contract compliance workpapers indicating they fully implemented direct client- and service-verification for three (75%) of the outstanding four contract groups, including:</p> <ul style="list-style-type: none"> • GROW Job Services • GAIN Job Readiness, Career Planning Services & GAIN/GROW/REP Vocational Assessment Services • Community College CALWORKs Program <p>DPSS developed and implemented a customer service questionnaire to aid DPSS contract monitoring staff in directly contacting clients to verify services rendered in the GROW and GAIN programs as of January 2022 and will continue this review annually. DPSS also developed a similar participant questionnaire to monitor the Community College CALWORKs contract group as of January 2023 and will continue this review annually.</p> <p>DPSS transferred the administrative and monitoring responsibilities of their remaining contract group, consisting of Domestic Violence Supportive Services (DVSS) and related Domestic Violence Shelter Based contracts to the Department of Public Health (DPH) in July 2018. However, DPSS retained funding responsibilities for the DVSS group.</p> <p>DPSS, DPH, and County Counsel have determined the County is unable to directly verify the clients and services billed for the DVSS contracts because State confidentiality laws protecting Domestic Violence program participant information prevent them from contacting the clients. As a result, they must pay</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>invoices submitted by DVSS contractors (46 contractors totaling \$14.4 million in Fiscal Year 2021-22) without directly verifying the clients and services.</p> <p>DPSS and DPH indicated they are aware of the risks arising from these limitations, and will consult with County Counsel to develop compensating controls and alternate verification activities. The involved departments will contact the State to 1) request technical assistance on specific alternate control/verification activities that are legally compliant and would demonstrate a good faith attempt to prevent and detect fraud in the Domestic Violence programs, and 2) request the State work with the County on options to mitigate fraud risk in the Domestic Violence programs given limitations on the County deploying its regular monitoring processes and controls (e.g., direct client verification of services via a channel independent of the contractor providing the service).</p> <p>DPSS and DPH will establish a timeline for implementation based on their discussion with and options provided by the State.</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.