



**Audit Report of the
Community and Family Service Agency (CFSA)**

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DOR Audit Services Team:

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Introduction

The Department of Rehabilitation (DOR) Audit Services completed an audit of Employment Services (ES) provided by the community rehabilitation program, Community and Family Service Agency (CFSA).

CFSA is a community-based nonprofit organization established in 1975 and provides the Sonoma County community with a range of human services, principally to senior citizens, at-risk youth and their families, and to economically disadvantaged residents. CFSA services include: food to low-income families, housing assistance, counseling and support services to high-risk youth and their families, alternative activities such as recreation programs, prevention and intervention of substance abuse, independent living skills, nutrition programs and activities for seniors; vocational training and job placement services to youth and adults on public assistance, and support services for community projects.

Audit Scope/Objectives

The on-site audit fieldwork was conducted during the week of October 6, 2014 and exit teleconference was held on November 19, 2014. This audit was conducted in accordance with Government Auditing Standards as defined by the Government Accountability Office except Standard 3.52 requiring an external peer review. This audit is subject to the inherent risk that material errors and irregularities, fraud, or non-compliance may not be identified.

The audit focused on ES paid by DOR during the audit period of fiscal year 2013-2014, and included a review of submitted ES invoices, supporting documentation, and information shared during interviews and discussions with DOR and CFSA staff. The scope of this audit was to obtain reasonable assurance that ES authorized, provided, and invoiced are supported by appropriate records and are in compliance with the applicable state and federal regulations, as well as the Community Rehabilitation Program Guide to Certification and Vendorization (CRP Guide).

The audit also considered the extent to which CFSA is achieving DOR's expectations in providing ES to DOR consumers. The audit objective areas included:

- A review of CFSA's Independent Auditor's Reports including financial statements prepared in accordance with the American Institute of Certified Public Accountants Statements on Auditing Standards and OMB Circular A-133;
- A review of CFSA's Statement of Revenue and Expense (SRE); and
- Interviews with the CFSA Executive Director, Employment Director and Specialist.

Summary of Findings/Recommendations

The Audit Team recognizes CFSA's commitment to provide exemplary service to DOR consumers. It was evident CFSA and DOR Redwood Empire staff demonstrate an understanding of ES and work to provide effective ES. However, as identified in **Attachment A**, the Audit Team found improvements can be made in the areas of program viability and the provision of services.

Required Action and Follow Up

CFSA shall ensure appropriate actions are taken to recognize and incorporate the recommendations identified in this report. CFSA shall consult with their DOR CRD Resource Specialist, as necessary, to assure planned actions are sufficient.

The contents of this report have been discussed with Donna Roper, Mary Kaye Gerski (former Executive Director) and Lorez Bailey (former Program Manager). We thank CFSA for assistance provided during our audit.

Employment Services Program Observations

During the on site discussions with CFSA, staff indicated they see value in providing ES and are proud of the successful employment outcomes that result from the ES provided; however, the viability of their employment services fee for service (ES-FFS) program is in question as a result of declining referrals, decreased revenue, and a significant reduction in program staffing.

Declining Referrals

DOR ES authorizations provided to CFSA declined from \$102,700 for fiscal year 2012-2013 to \$53,700 for fiscal year 2013-2014 and are currently at \$21,000 for fiscal year 2014-2015 as of January 2015.

CFSA expressed that efforts were underway in October for the CFSA executive director to meet and discuss referrals with the DOR Redwood Empire district administrator. Additionally, the DOR Audit Team discussed the decreasing referrals with two DOR counselors in the DOR Santa Rosa office who currently refer consumers to CFSA for ES. The counselors indicated that DOR has worked with CFSA for many years and values the services provided by the current and previous employment specialists as well as the exemplary communication and reporting to DOR. The counselors shared that referrals are impacted by numerous factors including consumer vendor choice, ability for the consumer to obtain transportation to the CFSA location in Sebastopol, current staffing levels, and recently DOR designated in-house employment coordinators who also provide employment services.

Decreased ES-FFS Revenue

For fiscal year 2012-2013, CFSA reported \$106,800 in ES-FFS revenue which was reduced significantly to \$53,146 in fiscal year 2013-2014. DOR's records also reflected a decrease in payments to CFSA for ES-FFS.

For fiscal year 2014-2015, CFSA forecasted their expected ES-FFS revenue to be \$53,000, estimated based on reported revenue of \$53,000 for fiscal year 2013-2014. However, it may not be practical for CFSA to project and budget for ES-FFS revenue based on the prior year's revenue considering our observed trending decline of ES payments. As of January 2015, DOR has paid \$18,000 for ES. Therefore, to meet their budgeted revenue goal, CFSA would need to attain \$35,000 more in ES-FFS revenue prior to fiscal year end June 30, 2015 which may prove challenging considering the decrease in service authorizations.

Lastly, for fiscal year 2013-2014, CFSA's ES-FFS revenue of \$53,146 was insufficient to cover total program expenses of \$62,111 (\$47,393-Personnel and \$14,718-Operating/Indirect). This resulted in cost overruns of \$8,965 (18%).

Staffing Level Turnover/Reductions Impacting the Provision of ES-FFS

CFSA has experienced turnover in individuals managing the program. The prior Employment Services Director resigned in October 2014 and her replacement has since left the position.

Previously, CFSA employed multiple employment specialists e.g. Debi, Laura, Chanel, and Linda. As of our October 2014 site visit, CFSA employed only one part time employment specialist and one on-call employment specialist. CFSA explained the decrease in referrals has adversely impacted the ability to maintain higher ES program staffing levels at full-time employment. Yet, the staffing reduction has lowered the amount of hours the employment specialists are available to provide ES, inadvertently causing DOR counselors and consumers to wait for initial services and possibly go elsewhere.

Recommendation

CFSA should assess the sustainability of the ES program and its short and long term revenue obligations to be financially viable and in coordination with DOR, identify and discuss considerations for increasing ES referrals.

Employment Services Compliance Observations

1. CFSA Employment Specialists provided job search and job development services to consumers without receiving an authorization from DOR. The Employment Specialist understood that if intake and employment preparation was authorized by DOR and these services were completed before the end of the first 90 days, the remaining time could be used to begin job search.

Criteria

The DOR CRP Guide to Certification and Vendorization stipulates the following:

- The vendor must have a written authorization for service from a DOR SVRC prior to the initiation of service
- Employment Preparation Services includes resume development, appropriate grooming and hygiene, appropriate work behaviors and work ethics, and identification of additional support services such as meeting transportation, childcare and other needs.
- Job Development includes development of job search skills, coordination of job searches activities, and identification of appropriate job openings.

The employment specialist explained that the CFSA DOR Employment Services procedure manual under Authorizations (Page 9, Item 3), states "Intake/Prep authorization will be for three months". The employment specialist indicated the authorization to bill for job development/placement would be requested once a client obtains a job.

When CFSA provides a service without prior authorization CFSA is at risk of providing a service not yet authorized and providing service without being reimbursed

Recommendation

CFSA shall ensure appropriate authorizations for each of the four ES is received prior to provision of each service.

2. CFSA typically prepares a Program Plan to guide the consumer's service as required by the CRP handbook. In one case file, CFSA prepared the Program Plan in-line with the primary employment goal of oil changer/mechanic helper per the initial DOR IPE dated 7/24/13. However, subsequent to the initial IPE dated 7/24/13, the IPE was amended on 8/1/13 to change the employment goal to cashier. CFSA did not amend or update the Program Plan objectives and strategies to align with the consumer's new employment goal of cashier.

The employment specialist who developed this Program Plan is no longer working at CFSA and was not available for discussion. However, based on the DOR auditor's review of Case Summary it appears the consumer's IPE goal was changed within a very short time period (one week) and there may have been ineffective communication between the DOR Counselor and CFSA Employment Specialist.

Failure to identify and provide ES in-line with the consumer's IPE goal places the consumer at risk of not attaining a successful employment outcome.

Criteria

The CRP Guide to Certification and Vendorization requires that upon determination of a DOR consumer's preparedness to engage in job search activities, the CRP and the DOR consumer will develop an Individual Service Plan to affirm the employment goal and identify the services to be provided consistent with the IPE.

Recommendation

CFSA shall develop the program plan to reflect the provision of ES in alignment with the IPE goal. Additionally, CFSA should work with DOR to address any challenges with communication between CFSA and the DOR counselor.

3. During the sample case file review, the Audit Team found the CFSA employment specialists are rarely completing all of the necessary activities when providing the employment retention service. Specifically, the monthly job placement and retention forms and corresponding case notes indicate no contact with the employer over the 90-day retention period. Further, during interviews, the employment director and employment specialist advised they seldom make phone or personal contact with the consumer's employer to determine ongoing satisfaction with the terms of employment.

Criteria

DOR CRP Guide (Employment Retention)

Upon DOR consumer acceptance of employment of a job that is consistent with the IPE goal and meets the needs for hours, wages, and benefits, the CRP will provide at least 90 days of the following Employment Retention activities:

- Phone or personal contact, on or off the job, with the DOR consumer to determine ongoing satisfaction with the terms of employment
- Phone or personal contact with the employer to determine ongoing satisfaction with the terms of employment
- No less than two (2) contacts a month are required for a minimum of 90 days

Without initiating twice monthly communication with the consumer and the employer, CFSA cannot identify and report on specific support and resources needed for employment retention or determine satisfaction with employment terms for both the consumer and the employer.

Recommendation

In compliance with the CRP Guide, CFSA shall contact both consumers and employers to ensure satisfaction with the employment terms and assess any necessary supports and resources needed for the consumer to sustain employment.