

332

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: DEPARTMENT OF PUBLIC SOCIAL SERVICES

SUBMITTAL DATE:
May 24, 2006

SUBJECT: PREVENT CHILD ABUSE RIVERSIDE COUNTY (PCARC)
FINAL PROGRESS REPORT ON STRUCTURING THE LOCAL CHILD ABUSE
PREVENTION EFFORT REPORT RECOMMENDATIONS

PAGE: 1

RECOMMENDED MOTION: That the Board of Supervisors approves and;

1. Authorizes the Chairman of the Board to receive and file the attached PCARC Final Progress Report on Structuring The Local Child Abuse Prevention Effort Report Recommendations.

Departmental Concurrence

Cynthia Hinckley

Cynthia Hinckley, Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

Sam Brandt

County Executive Office Signature

Policy	Policy
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Consent	Consent
<input type="checkbox"/>	<input type="checkbox"/>
Dep't Recomm.:	Per Exec. Ofc.:

Prev. Agn. Ref.: (4/4/06, #3.18)
(3/7/06, #3.12), (11/29/05, #3.4)

District: All

Agenda Number:

3.30

TO: BOARD OF SUPERVISORS

DATE: May 24, 2006
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SUBJECT: PREVENT CHILD ABUSE RIVERSIDE COUNTY (PCARC) FINAL PROGRESS REPORT ON STRUCTURING THE LOCAL CHILD ABUSE PREVENTION EFFORT REPORT RECOMMENDATIONS

BACKGROUND:

On November 29, 2005, (Agenda #3.4), the Board recommended that PCARC submit a report to the Board by February 28, 2006 on its progress on implementing the fifteen recommendations adopted by the Board during the November 29, 2005 Board session.

On March 7, 2006, (Agenda # 3.12) the Board received PCARC's progress report and requested that PCARC provide additional information to the Board.

On April 4, 2006, (Agenda Item #3.18) the Board approved the motion to receive and file the PCARC progress report and provided PCARC with an additional 60 days to submit to the Board its final progress report. Attached is the Final Progress Report including the completed financial audit, which we are forwarding to your Board for approval.

CONCUR/EXECUTE: County Executive Office

ATTACHMENTS:

1. Prevent Child Abuse Riverside County Progress Report—Final
2. Prevent Child Abuse Riverside County Financial Audit for Fiscal Year 2004/05

CLH:jh



**Prevent Child Abuse
Riverside County**

May 24, 2006

Board of Directors

Rob von Zabern— President of the Board
von Zabern Surgical

Deacon Mike Jelley— Vice President
Diocese of San Bernardino

Gayle Hepner— Secretary
Valley Wide Outreach Services

Yolanda Carrillo
Corona/Norco Family YMCA

Erllys Daily
Riverside County Department of Mental Health

Art Hernandez
Parents Anonymous

George Tillery
A-Z Bus Sales

Jim Powell
Riverside County Substance Abuse

Advisory Committee

Jack Clark, Best, Best and Kreiger
Mary Ellen Daniels, Attorney

Bob Doyle, Riverside County Sheriff

Gary Feldman, Riverside County
Community Health Service Agency

Jean Leonard, Riverside County
Juvenile Court

David Long, Riverside County
Office of Education

Ron Loveridge, Mayor, City of Riverside

John Ryan, Riverside County Mental
Health

Grover Trask, Riverside County
District Attorney

James Warren, Riverside County
Superior Court

Marie Whittington, Riverside
County Probation

Harry Freedman, Riverside County
Children and Families Commission

**Riverside County
Board Of Supervisors**

Bob Buster, First District

John Tavaglione, Second District

Jeff Stone, Third District

Roy Wilson, Fourth District

Marion Ashley, Fifth District

Honorable Board of Supervisors
County of Riverside
4080 Lemon Street 5th Floor
Riverside CA 92501

Re: PCARC (Prevent Child Abuse Riverside County) Executive Office
Recommendations / May 15, 2006 Final Progress Report

Board Members,

On November 29th, 2005, you voted to approve the 15 recommendations put forth by the Executive office on that same date. On April 4, 2006, you also accepted PCARC's Progress Report and response to concerns raised at the March 7, 2006 Board of Supervisor's meeting continuing PCARC's designation as Riverside County's Child Abuse Prevention Council pending a final report.

Please find following the PCARC's final progress report dated May 15, 2006 documenting the progress that has been made on these recommendations.

Please do not hesitate to contact me If you have any questions.

Thank you very much.

Rob von Zabern

President
Prevent Child Abuse

Prevent Child Abuse Riverside County (PCARC) Progress Report

May 15, 2006
Final

Prevent Child Abuse Riverside County respectfully presents the following report documenting the progress made on the recommendations from the Executive Office.

Recommendation One: That the Board of Supervisors extend the current child abuse prevention service contracts until June 30, 2006, so that a fresh RFP process can be conducted.

Status: Contracts have been extended until June 30, 2006.

Update: Completed.

Recommendation Two: That the next RFP process include minimal involvement from DPSS program staff, be overseen by the County Executive Office and County Purchasing, and include no evaluators with real or perceived conflicts of interest

Status: A mini-needs assessment was conducted at the request of the providers and the results tabulated and provided as an attachment with the first progress report. The results of the mini-needs assessment along with the Countywide Self-Assessment will be used to help formulate the county-wide funding strategies. PCARC worked with DPSS and County Purchasing to develop the CAPIT/PSSF RFP. County Purchasing has assumed the lead in overseeing the RFP evaluation and awards process. The County Executive Office approved the RFP documents on January 30, 2006. The RFP was released on February 1, 2006 and the independent evaluators have been selected.

Update: The evaluators have been reading the proposals and will convene on March 23 and March 24 to summarize their scores into a first draft recommendation to PCARC. On March 27, County Purchasing and DPSS will meet with the PCARC Board of Directors to review and discuss the first draft. March 28 through 30 are set aside for best and final meetings if clarification is needed. As a result of the best and final meetings, if additional changes are needed, those changes will be brought back to the PCARC Board of Directors for review on April 3rd. It is anticipated that funding recommendations will be submitted to the Board of Supervisors in May.

Update: The recommendations for funding were approved by the Board of Supervisors on May 16, 2006. The contracts will be executed by June 30, 2006 with those exceeding \$100,000 to be submitted to the Board of Supervisors for approval.

Recommendation Three: Maintain the designation of PCARC as Riverside County's designated child abuse prevention council.

Status: The Board of Supervisors accepted the County Executive Office's recommendations and PCARC retains the designation as Riverside County's Child Abuse Prevention Council pending this progress report.

Update: Approval of this progress report was continued to the April 4, 2006 Board of Supervisors meeting. Until that time PCARC retains the designation as Riverside County's Child Abuse Prevention Council. The ability for PCARC to continue as the designated Child Abuse Prevention Council for Riverside County is contingent upon this update and PCARC's response to concerns raised at the March 7, 2006 Board of Supervisors meeting.

Update: On April 4, 2006, the Board of Supervisors accepted PCARC's Progress Report and response to concerns raised at the March 7, 2006 Board of Supervisor's meeting and continued PCARC's designation as Riverside County's Child Abuse Prevention Council pending this final report.

Recommendation Four: That County Counsel and the Clerk of the Board provide training to PCARC Board of Directors on conflicts of interest.

Status: On October 28, 2005, PCARC contracted with Best, Best & Krieger (BB&K) for assistance with revising of PCARC's current Conflict of Interest Policy and bylaws and for board training. On November 29, 2005, Jeff Ballinger with BB&K provided the PCARC board of directors with training on the Brown Act and Conflict of Interest. Dwight Montgomery with BB&K reviewed and updated PCARC's Bylaws and developed a Conflict of Interest Policy. The Bylaws and Conflict of Interest Policy were distributed for review at PCARC's February 21, 2006 regularly scheduled board meeting. A copy of the proposed bylaws and Conflict of Interest Policy was provided as attachments in the initial progress report. A second more comprehensive training for the Board of Directors will be scheduled in May. A copy of the training outline was included in the initial progress report as an attachment. The board is considering opening the training to non-profit CAPIT/PSSF providers.

Update: In response to concerns raised at the March 7, 2006 Board of Supervisors meeting and in consultation with Dwight Montgomery of BB & K, some changes have been made to the bylaws and Conflict of Interest Policy. Copies were provided with our April 4, 2006 progress report.

Update: We are continuing to expand the PCARC Board in response to the recommendations we have received from the Board of Supervisors' offices. We feel it is important for the newly expanded board to attend the comprehensive training proposed by Best, Best & Krieger. To ensure that all new board members are able to participate in this training, we are scheduling the training for late September or early October.

Recommendation Five: That all PCARC Board members file Form 700, as required by County Conflict of Interest Code.

Status: As of November 22, 2005, all PCARC board members had filed Form 700 for 2004. All board members are on target to file Form 700 for 2005 by the due date of April 1, 2006. Board members have already received their Form 700 in the mail and will be submitting them to the Interim Executive Director on or before March 21, 2006; our regularly scheduled board meeting. The Interim Executive Director will maintain a copy at PCARC's corporate office and submit originals to the Clerk of the Board.

Update: Directors are currently submitting their Form 700 for 2005 to the Interim Executive Director in order to meet the April 1, 2006 due date.

Update: Completed. As of April 1, 2006 all PCARC board members had filed their Form 700 for 2005 with the Clerk of the Board.

Recommendation Six: That, by December 31, 2005, PCARC submit to the Board of Supervisors a report covering the period since the PCARC's inception, and that annual reports be submitted regularly thereafter.

Status: On December 28, 2005, seven copies of PCARC's Annual Report for fiscal years 2003/2004 and 2004/2005 were hand delivered to the County Executive Office for delivery to each Board of Supervisor's office.

Update: This has been formalized in our revised Bylaws, page 12, 7.4. A copy of the revised Bylaws was provided as an attachment to our April 4, 2006 progress report.

Update: Completed.

Recommendation Seven: That, by December 31, 2005, PCARC expand its membership to include at least one representative of the criminal justice system and one from the education community, and commit to filling the remaining vacancies on the Board with representatives from all geographic regions of the county.

Status: On February 21, 2006, Rita Rubio, Nuevo School District, Pam Miller, Riverside County Courts and Felicia Miller from EDA were approved for board membership by a unanimous vote of the full board. A request has also been sent to each Board of Supervisor's office requesting recommendations for board membership.

Update: During meetings with four of the five Supervisors in the fall, PCARC requested recommendations for board membership. PCARC followed-up this verbal request with a formal written request hand-delivered to the Board of Supervisors' offices on March 20, 2006. Each Supervisor was asked to submit three recommendations electronically to the PCARC Board President. This was an area of concern for Supervisor Stone and is also addressed in our written response to the March 7, 2006 Board of Supervisors meeting. A copy of one of the letters delivered to the Board of Supervisors was included as Attachment 3 to that document.

Update: As of the writing of this report PCARC has received four recommendations for board membership. The Board Development Committee is in the process of contacting the board prospects for board membership in fiscal year 2006/2007.)

Recommendation Eight: That, in selecting a new executive director, PCARC be particularly aware of the appearance and implications of hiring a former employee of DPSS.

Status: The PCARC board is very sensitive to the concerns expressed by the County Executive Office in this recommendation. The Executive Office has offered and will participate in the PCARC Executive Director applicant review process.

Update: We are currently expanding our applicant pool by advertising in the Press Enterprise, Desert Sun and North County Times to preclude this from becoming an issue.

Update: The PCARC Board has decided to continue its subcontract for administrative leadership and support with the Corona-Norco YMCA. PCARC staff will function under the direct supervision of Yolanda Carrillo, Executive Director. We are currently seeking to fill a position of Program Manager. In addition to administrative services, the Corona-Norco YMCA will provide office space for PCARC staff at their facility. Continuing the subcontract with the YMCA will result in reliable management oversight and a cost savings to the agency.

Recommendation Nine: That the next contract between PCARC and the County delete references to projects outside the scope of child protection, and be updated to reflect the current responsibilities of both agencies.

Status: References to projects outside the scope of child protection have been deleted in the current PCARC contract. The current contract has also been updated to reflect the current responsibilities of both agencies. PCARC will be working on the development of the next required county needs assessment and will provide support for conferences countywide to educate, train and to promote public awareness in Child Abuse Prevention efforts.

Update: **Completed** as of April 4, 2006 Progress Report.

Recommendation Ten: That PCARC consider amending its Bylaws to prohibit potential contract recipients on the Board of Directors from participating in the discussion of any issue which directly or indirectly may benefit their organizations financially.

Status: BB & K has provided PCARC with a draft Conflict of Interest Policy addressing the concerns identified in this recommendation. The Conflict of Interest Policy will be on the PCARC's February 21, 2006 Board Agenda for a first reading. Self-dealing is

addressed in the revised bylaws and was provided as an attachment to the initial report. A copy of the Conflict of Interest Policy was also provided.

Update: In response to concerns raised at the March 7, 2006 meeting, PCARC has revised the Conflict of Interest Policy. It is provided as an attachment to our direct response to the issues raised.

Update: Completed. The revised Conflict of Interest Policy was accepted by the Board of Supervisors at the April 4, 2006 meeting. A copy was provided as an attachment to that report.

Recommendation Eleven: That PCARC enlist a certified public accountant to prepare a financial audit for the 2005 calendar year, and submit it to the Board of Supervisors by March 31, 2006.

Status: PCARC solicited and received four bids for preparing a financial audit for fiscal year 2004/2005. Concerns were expressed by the bidders regarding the March 2006 deadline due to the fact that we are already in tax season. PCARC may need to formally request an extension on completing this recommendation.

Update: On March 14, 2006, PCARC signed a Letter of Engagement with Smith Marion to conduct the 2004/2005 fiscal year audit. The audit is scheduled to begin on March 30, 2006. The estimated completion date is April 28, 2006. A copy of the Letter of Engagement is provided as Attachment 4 to the direct written response to Supervisor Stones' concerns.

Update: Completed. A copy of the audit is provided as **Attachment 1**.

Recommendation Twelve: That PCARC amend its current bylaws or policies and procedures to detail clearly the process of attaining membership in the organization and on its Board of Directors.

Status: PCARC decided that policies and procedures will be developed detailing the process of attaining membership in the organization and on the board. The policy and procedures are currently being drafted for approval at the March 2006 board meeting.

Update: PCARC developed policies and procedures detailing the process of attaining membership on the Board of Directors that was approved at the March 21, 2006 board meeting.

Update: Completed. The policies and procedures were submitted as part of the progress report that was accepted by the Board of Supervisors on April 4, 2006.

Recommendation Thirteen: That the County Executive Office participate in the selection of PCARC's new executive director.

Status: The opening for an Executive Director for PCARC has been posted on Monster.com, i hiresocialservices.com and through OCAP with the Child Abuse Prevention Councils throughout California. The Executive Committee is paper screening the resumes. The County Executive Office has asked to participate in the second round of interviews when they are scheduled. PCARC will contact the County Executive Office when those interviews are scheduled.

Update: Resumes have been received and screened. We have identified two qualified applicants through this process. However, we want to expand the pool of qualified applicants before scheduling interviews. We are placing ads in the Press Enterprise, Desert Sun and North County Times and will conduct interviews in April.

Update: As reported in recommendation eight of this Progress Report, the PCARC Board recommends continuing the subcontract with the Corona-Norco YMCA for reliable management oversight and cost savings. The PCARC Board spoke with the Executive Office regarding continuing our subcontract with the Corona-Norco YMCA for administrative services for a minimum of one year; at which time it will be re-evaluated. The Executive Office supports that decision.

Recommendation Fourteen: That PCARC submit to the Board of Supervisors, by February 28, 2006, a report on its progress in implementing the above recommendations.

Status: This report outlines PCARC's progress in implementing the above recommendations.

Update: This report is an update to the progress report submitted to the Board of Supervisors at the March 7, 2006 meeting. Attached to this update is a written response to the concerns raised by Supervisors Ashley and Stone regarding specific areas of the progress report.

Update: This report represents PCARC's final progress report outlining the implementation of each recommendation.

Recommendation Fifteen: Authorize the County Purchasing Agent to extend the current agreement with PCARC through March 31, 2006 pending progress and outcomes of the adopted recommendations.

Status: On November 29th the Board of Supervisors authorized the Purchasing Agent to extend the agreement with PCARC through March 31, 2006.

Update: PCARC's current agreement was extended through March 31, 2006 but we are requesting an extension through June 30, 2006 in order to complete the recommendations.

Update: The amended contract is in the process of being executed.

ATTACHMENT 1

2004/2005 Audit



**PREVENT CHILD ABUSE RIVERSIDE COUNTY
(A NONPROFIT CORPORATION)**



FINANCIAL STATEMENT
AND
COMPLIANCE REPORT

FOR THE YEAR ENDED JUNE 30, 2005



SMITH MARION & CO.
CERTIFIED PUBLIC ACCOUNTANTS

PREVENT CHILD ABUSE RIVERSIDE COUNTY
FINANCIAL STATEMENT AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2005

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FINANCIAL INFORMATION



SMITH MARION & CO.
AN ACCOUNTANCY CORPORATION

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Grand Terrace, CA 92313
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Facsimile (909) 825-9900

27349 Jefferson Ave, Suite 107
Temecula, CA, 92590
Telephone (951) 296-9246
Facsimile (951) 296-9124

Board of Directors
Prevent Child Abuse Riverside County
Riverside, CA

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of Prevent Child Abuse Riverside County (A nonprofit Corporation), as of June 30, 2005 and the related statement of activities, cash flows, and functional expenses for the year then ended.

These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Prevent Child Abuse Riverside County as of June 30, 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 3, 2006 on our consideration of Prevent Child Abuse Riverside County internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


April 3, 2006

PREVENT CHILD ABUSE RIVERSIDE COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005

ASSETS

Current Assets

Cash	\$ 179,278
Accounts receivable	4,620
Deposits	2,486
Total Current Assets	<u>186,384</u>

Furniture and Equipment (Net)

23,674

TOTAL ASSETS

\$ 210,058

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ -
Vacation payable	1,132
Deferred revenue	32,343
Total Current Liabilities	<u>33,475</u>

Net Assets

Unrestricted - available for operations	152,909
Unrestricted - invested in fixed assets	23,674
Subtotal Unrestricted	<u>176,583</u>
Temporarily restricted	-
Total Net Assets	<u>176,583</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 210,058

PREVENT CHILD ABUSE RIVERSIDE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions	\$ 27,883	\$ 9,635	\$ 37,518
Special events (net)	57,354	-	57,354
Total Public Support and Revenue	<u>85,237</u>	<u>9,635</u>	<u>94,872</u>
Revenue:			
Grants	440,873	-	440,873
Conference fees	18,542	-	18,542
Advertising	2,284	-	2,284
Other income	1,029	-	1,029
Total Revenue	<u>462,728</u>	<u>-</u>	<u>462,728</u>
Net assets released from restrictions:			
Toys and supplies	14,735	(14,735)	-
Outreach services	51,890	(51,890)	-
Total Public Support and Revenue	<u>614,590</u>	<u>(56,990)</u>	<u>557,600</u>
EXPENSES			
Program services	389,392	-	389,392
Management and general	35,376	-	35,376
Fundraising	17,143	-	17,143
Total Expenses	<u>441,911</u>	<u>-</u>	<u>441,911</u>
Change in Net Assets	172,679	(56,990)	115,689
Beginning Net Assets	3,904	56,990	60,894
Ending Net Assets	<u>\$ 176,583</u>	<u>\$ -</u>	<u>\$ 176,583</u>

PREVENT CHILD ABUSE RIVERSIDE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ 115,689
Adjustments to reconcile change in net assets to net cash used by operating activities:	
<i>(Increase) decrease in:</i>	
Accounts receivable	4,080
Deposits	(2,486)
<i>Increase (decrease) in:</i>	
Vacation payable	1,131
Deferred revenue	32,343
Net cash flows from Operating Activities	<u>150,757</u>

Cash Flows from Investing Activities

Purchases of fixed assets	<u>(17,317)</u>
Net cash flows from Investing Activities	<u>(17,317)</u>

Cash Flows from Financing Activities

No activity	<u>-</u>
Net cash flows from Financing Activities	<u>-</u>

Net increase (decrease) in cash	133,440
Cash at beginning of year	<u>45,837</u>
Cash at end of year	<u>\$ 179,277</u>

SUPPLEMENTAL INFORMATION:

Interest paid	<u>\$ -</u>
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PREVENT CHILD ABUSE RIVERSIDE COUNTY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005

	Program Services	Management and		Fund Raising	Total
		General			
Salaries	\$ 147,329	\$ 17,333	\$	8,666	\$ 173,328
Payroll taxes	19,902	2,341		1,171	23,414
Fringe benefits	12,896	1,517		759	15,172
Total Personnel	180,127	21,191		10,596	211,914
Professional services	23,407	2,754		1,377	27,538
Supplies	21,798	2,565		1,282	25,645
Telephone	6,567	773		386	7,726
Postage	1,686	198		99	1,983
Occupancy	22,683	2,669		1,334	26,686
Equipment	20,718	1,090		-	21,808
Printing and publications	4,280	504		252	5,035
Travel	289	34		17	340
Conference/meetings	27,447	3,229		1,615	32,290
Outreach	52,344	-		-	52,344
Public relations	24,904	-		-	24,904
Depreciation	-	-		-	-
Miscellaneous	3,143	370		185	3,698
Total Non-Personnel	209,265	14,185		6,547	229,997
Total Functional Expenses	\$ 389,392	\$ 35,376	\$	17,143	\$ 441,911

PREVENT CHILD ABUSE RIVERSIDE COUNTY
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

Prevent Child Abuse Riverside County is Riverside County's designated lead agency in child abuse and neglect prevention, promoting strong families, positive parenting, and safe children through advocacy, public awareness, and coordination of community programs and services.

Revenue Sources

The Prevent Child Abuse Riverside County receives its revenue from government grants and public contributions.

Tax Status

The College is a nonprofit corporation exempt from income tax as identified within Internal Revenue Code Section 501(C)(3) and California Tax Code 23701d. Prevent Child Abuse Riverside County is classified as "other than a private foundation" by the IRS.

Method of Accounting

The financial statements of Prevent Child Abuse Riverside County have been prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred in accordance with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Prevent Child Abuse Riverside County considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Fair Value of Financial Instruments

The following methods and assumptions were used by Prevent Child Abuse Riverside County in estimating its fair values disclosures for financial instruments: Cash, accounts receivable, and accounts payable are reported as approximate fair value in the balance sheet because of the short maturities of those instruments.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Prevent Child Abuse Riverside County has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Furniture and Equipment

Furniture and equipment, with a cost of \$500 or greater is recorded at cost at the time of purchase. Donated furniture and equipment is recorded at the fair value at the date of the gift. Depreciation of furniture and equipment is provided over the estimated useful lives (5 years) on a straight-line basis.

PREVENT CHILD ABUSE RIVERSIDE COUNTY
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2005

Functional Expenses

The costs of providing the programs and support activities have been summarized on a functional basis in the combining statement of activities. Accordingly, certain costs have been allocated between the child abuse prevention program and supporting services based on the benefits derived.

2. GOVERNMENT OWNED ASSETS

The following are items are furniture fixtures and equipment purchased by government grants. No depreciation is applied because full amount is expensed for grant purposes.

Government owned assets	\$ 23,674
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3. ACCOUNTS RECEIVABLE

Accounts receivable represents grant receivable from DPSS. No allowance for uncollectible is calculated because the agency believes that all receivables are 100% collectable.

Accounts receivable	\$ 4,620
Allowance for uncollectible	-
Accounts receivable - Net	<u>\$ 4,620</u>

4. LEASES

As of January 2005, Prevent Child Abuse Riverside County occupies the building located at 3387 Chicago Street Riverside, CA 92507. The monthly rent is \$2,360 per month for 36 months ending January 2008. The rent expense for the year was \$ 22,253.

The following represents the five year maturity obligation:

Year	Amount
2006	\$ 28,320
2007	\$ 28,320
2008	\$ 16,520

5. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

Prevent Child Abuse Riverside County maintains it cash balances in one financial institution and balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2005 the Prevent Child Abuse Riverside County have a total of \$79,278 uninsured.

INTERNAL CONTROL AND COMPLIANCE REPORTS



SMITH MARION & Co.
AN ACCOUNTANCY CORPORATION

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Facsimile (951) 296-9124

Board of Directors
Prevent Child Abuse Riverside County
Riverside, CA 92506

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLINCEAND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the combined financial statements of Prevent Child Abuse Riverside County, as of and for the year ended June 30, 2005, and have issued our report thereon dated April 3, 2006. We were engaged to, and conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered Prevent Child Abuse Riverside County's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Prevent Child Abuse Riverside County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1; 05-02 and 05-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Prevent Child Abuse Riverside County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 05-A and 05-B.

We noted certain other matters that we reported to management of Prevent Child Abuse Riverside County in a separate letter dated April 3, 2006

* * * * *

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Smith Man & Co
April 3, 2005

**PREVENT CHILD ABUSE RIVERSIDE COUNTY
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

INTERNAL CONTROL FINDINGS

05-1 Pension Plan

Criteria

Employee pension plans should be nondiscriminatory and be available to all employees that meet the agency written plan.

Condition

The pension plan was only offered to the previous executive director.

Effect

Pension plan was not nondiscriminatory.

Cause

Unknown

Recommendation

The agency should implement a nondiscriminatory plan or terminate the plan.

Response

The executive director is no longer with the agency and this benefit is no longer offered to any agency staff.

05-2 Conflict of Interest

Criteria

The agency should have written policy regarding related party transactions.

Condition

Several board members had the ability to direct funding that would benefit their own organizations. A policy was in place however, county did not approve the policy.

Effect

Conflict of interest

Cause

Unknown

Recommendation

The agency should amend their bylaws to describe procedures regarding related party transactions. Where board members should abstain from voting in regards to their personal organizations.

Response

As a recommendation from the County Executive Office, PCARC amended its Bylaws and revised their existing Conflict of Interest policy to prohibit potential contract recipients on the Board of Directors from participating in the discussion of any issue which directly or indirectly may benefit their organizations financially.

History: PCARC secured BB & K to help revise our Bylaws and Conflict of Interest Policy so as to address the concerns identified in this recommendation. The revised Bylaws and Conflict policy was review and approved by county council as well. The Conflict of Interest Policy was on the PCARC BOD February 21, 2006 Meeting Agenda for a first reading. Self-dealing was addressed in the revised bylaws and was provided as an attachment to the initial progress report to the BOS. The revised Conflict of Interest Policy was then accepted by the Board of Supervisors at the April 4, 2006 meeting. These documents were formally approved by the PCARC Board at the May 23rd board meeting.

05-3 Lack of Segregation of Duties

Criteria

Internal controls should be designed and observed by management to safe guard the agencies assets. No individual should have approval, recording and custodial responsibility for cash disbursements.

PREVENT CHILD ABUSE RIVERSIDE COUNTY
SUMMARY OF FINDINGS AND RECOMMENDATIONS (continued)
FOR THE YEAR ENDED JUNE 30, 2005

Condition

The Board President and his assistant write the checks, signs the checks and reconcile the bank account. Although a check request is required from the Executive director approving disbursements, the board president still has all three responsibilities in his power.

Effect

Lack of internal control over cash procedures

Cause

Unknown

Recommendation

The agency should not allow any one individual to perform all three duties stated above. Management should design controls to prevent, deter, and discover irregularities.

Response

The independent accounting firm Shawn Washington Accountancy Corporation has been contracted to provide day to day accounting services. They will assume responsibility for accounts payable, accounts receivable, contract invoicing, Employee Payroll and Tax filings and financial report preparation effective June 1 2006.

History: Prior to September 2005 the ED and PCARC Staff received all invoices, statements, payments and bank statements which were all processed in their office. Board members would review detail activity. The financial statements would be reviewed monthly at the PCARC Board meetings. Upon termination of the ED in August of 2005 and the subsequent resignation of the Executive Assistant who was charged with day to day accounting, the processing responsibility was assumed temporarily by the Board President and staff. The Interim Executive Director and staff continued to receive all invoices, statements, payments, and bank statements at their office. The Staff, with ED signed approval would process bills and payments using a "Request for Payment" form or a "Request for Deposit" form. Payroll documents would be prepared and then approved with the Interim PCARC ED's signature. These documents would then be forwarded to the President's staff for processing including recording into the accounting program, including the printing of checks. The signed checks along with all documentation provided by PCARC would then be returned to PCARC's ED for review and distribution completion. These records were retained at PCARC's office. Any adjustments or corrections would be discussed with the ED with changes documented.

COMPLIANCE AND OTHER MATTERS FINDINGS

05-A Allocation Method

Criteria

Cost should be allocated to programs in accordance with OMB Circular A-122.

Condition

No allocation plan was implemented.

Effect

100 % of costs were directly charged to the contract.

Cause

The agency was unfamiliar with OMB Circular A-122s provisions regarding cost allocation plans.

Questioned Costs

\$51,481. The agency claimed and was reimbursed \$440,873 by the County of Riverside. However we estimate only \$389,392 are allowable costs.

Recommendation

The Agency should design and implement a cost allocation plan which is in compliance with OMB Circular A-122.

Response

PCARC's DPSS contract requires a 33% match as well as funding provisions an employed position for a fund "Development Director". The former ED charged fund development expenses to these DPSS chargeable accounts. This was believed to be in the spirit of the contract. PCARC will familiarize itself with OMB Circular A-122 and design and implement a cost allocation plan.

PREVENT CHILD ABUSE RIVERSIDE COUNTY
SUMMARY OF FINDINGS AND RECOMMENDATIONS (continued)
FOR THE YEAR ENDED JUNE 30, 2005

05-B Overtime

Criteria

Employees that are nonexempt who work overtime hours should be compensated using overtime rates.

Condition

Employees who work overtime are not being compensated as such.

Effect

The agency is non compliant with laws and regulations.

Cause

The agency is unfamiliar with overtime rules.

Recommendation

The agency should familiarize themselves with overtime rules in order to comply with regulations.

Response

Corrected and discontinued.

PREVENT CHILD ABUSE RIVERSIDE COUNTY
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005

Prior Year Findings _____

Current Status _____

First time audit, no prior year findings.