COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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May 16, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY QUARTERLY FINANCIAL REVIEW**

We have completed our third quarter financial review of the Los Angeles Homeless Services Authority (LAHSA). Our review focused on LAHSA's grant claiming process, sub-agency funding allocations, and cash flow. We also reviewed the internal controls over disbursements, including separation of duties. Finally, we reviewed the minutes from several Operations Committee and LAHSA Commission meetings for discussions involving LAHSA's financial operations.

Background

On February 13, 2001, both your Board and the Los Angeles City Council approved the Amended and Restated Joint Powers Agreement (JPA) between the County and City of Los Angeles that granted LAHSA fiscal autonomy from the County. Per Section 8 of the new JPA, the Auditor-Controller is required to conduct a quarterly financial review of LAHSA's accounts and records for the succeeding twelve months and a semi-annual review during the second and third years.

Results of Review

LAHSA has continued to comply with established fiscal policies and procedures. We noted that LAHSA's separation of duties is sufficient to ensure the integrity of the fiscal operations. In addition, we noted that the amounts claimed from granting sources agreed to expenditure documentation. We also noted that for the first nine months of the fiscal year, the sub-agencies have operated within their approved funding allocations.

Additionally, we noted that LAHSA continually compares approved funding allocations to actual and planned program expenditures in order to monitor cash flow. In reviewing the expenditure control worksheet, we did not note instances in which anticipated shortfalls in funding are expected. Finally, our review of minutes from the Operations Committee and LAHSA Commission meetings did not disclose any issues that negatively affect LAHSA's financial operations.

Overall, nothing came to our attention during this quarterly review that caused us concern over LAHSA's financial operations. If you have any questions, please call me or have your staff contact DeWitt Roberts at (213) 974-0301.

JTM:DR:DC

c: David E. Janssen, Chief Administrative Officer
Los Angeles Homeless Services Authority
Mitchell Netburn, Executive Director
Sandra Roberts, Controller
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee Members