COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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September 6, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
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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 fourth quarter financial review of the Los Angeles Homeless Services Authority (LAHSA). Our review focused on grant claiming, sub-agency expenditures, LAHSA's cash flow, and controls over bus tokens and parking validation coupons. Additionally, we reviewed Operations Committee and LAHSA Commission meeting minutes for discussions of financial matters, and reviewed disbursement transactions from April, May and June 2002.

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 Los Angeles County 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 continues to comply with established fiscal policies and procedures. For example, LAHSA staff has continuously updated expenditure control worksheets that compare approved funding allocations to actual program expenditures in an effort to ensure sub-agency's did not exceed their funding allocations. The sub-agencies are reimbursed for program expenses up to their funding allocations. We noted that during the fiscal year, the sub-agencies operated within their budgeted funding allocations.

In a previous quarterly review, we noted LAHSA did not sufficiently monitor the storage and issuance of bus tokens. LAHSA indicated that it would strengthen the controls over the bus tokens. Our current review disclosed LAHSA's controls over its bus tokens were sufficient and we did not disclose any reportable conditions. However, our review of the controls over parking validation coupons disclosed that LAHSA does not maintain records to account for the issuance of parking validation coupons. As a result, the risk of parking validation coupons being lost or stolen and going undetected is increased.

Upon discussion of our finding with management, LAHSA took corrective action and implemented procedures to account for the issuance of parking validation coupons. We plan to review the new procedures during our next follow-up review.

If you have any questions, please call me or have your staff contact DeWitt Roberts at (213) 974-0301.

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