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County of Los Angeles CHIEF EXECUTIVE OFFICE

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FESIA A. DAVENPORT
Acting Chief Executive Officer

October 2, 2020

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

From: Fesia A. Davenport
Acting Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

EXPLORING NEW GOVERNANCE MODELS TO IMPROVE ACCOUNTABILITY AND OVERSIGHT OF HOMELESS FUNDS (ITEM NO. 19, AGENDA OF SEPTEMBER 1, 2020)

The passage of Measure H resulted in a significant influx of financial resources to support the homeless services delivery system in Los Angeles County (County). Engrained in the Measure H ordinance is a focus on oversight, accountability, and transparency. As such, there has been a series of audits and reviews of homeless funds to ensure its effective allocation and utilization. Additionally, on April 10, 2018, the Board of Supervisors (Board) directed the Chief Executive Officer, the Auditor-Controller, and County Counsel to take comprehensive steps to evaluate and enhance the Los Angeles Homeless Services Authority's (LAHSA) performance in relation to its fiscal and contracting operations and data management systems. As the lead continuum of care (CoC) for the County, LAHSA receives a significant portion of the County's funding to combat homelessness and has been a subject of various fiscal and operational reviews and audits which have identified opportunities for corrective action.

Therefore, on September 1, 2020, the Board adopted a motion directing the Chief Executive Officer, in consultation with the Auditor-Controller and County Counsel, to report back in writing in 30 days on the following:

- 1) Actions, reviews, and audits undertaken by the Auditor-Controller (A-C) in response to the April 10, 2018 Board motion, and the resulting operational improvements implemented by LAHSA to enhance performance and accountability.

"To Enrich Lives Through Effective And Caring Service"

- 2) Any outstanding issues related to LAHSA's fiscal and contracting operations and/or data collection and management systems, and corrective actions in each of these areas that are underway or pending; and
- 3) Recommendations that include the exploration of alternative governance models or structures to administer and oversee homeless funds, programs, and services on behalf of the County in order to ensure optimal performance, transparency, and accountability.

Summary of Actions, Reviews, and Audits Undertaken by the A-C

Attachment I addresses directive number 1, which includes a summary of A-C's various assessments and reviews of LAHSA's operations and the technical assistance provided for the recommendations for operational improvements.

Plan for Review of Any Outstanding Issues

Attachment II addresses directive number 2, which includes a list of specific issues and corrective actions related to the assessment reviews conducted by A-C on LAHSA's fiscal, contracting, and performance data reporting operations. Also included are target corrective action implementation dates, as identified by LAHSA, where applicable. A-C will conduct follow-up reviews in the coming months to determine the implementation status of the various recommendations and will report back to the Board in late February 2021.

Ongoing Effort to Explore Alternative Governance Models or Structures

Directive number 3 is aligned with the February 11, 2020 Board motion (Item No. 3) directing the Chief Executive Office (CEO), A-C, and County Counsel, in consultation with LAHSA and other relevant County departments, to: 1) conduct an analysis of the current structure and function of LAHSA (in concert with the efforts underway in the City of Los Angeles); and 2) report back to the Board with findings and recommendations, including proposed modifications to improve the governance structure, performance, accountability, and transparency of LAHSA.

A workgroup convened by CEO, consisting of staff from A-C and County Counsel, have been meeting regularly and developed a work plan to address the deliverables above. An interim report on these efforts was provided to the Board on August 13, 2020 (Attachment III).

Each Supervisor
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As such, based on the above-described efforts, a final report on findings and recommendations, including any proposed modifications to improve the governance structure, performance, accountability, and/or transparency of LAHSA, is targeted for late February 2021, in response to both the February 11, 2020 and September 1, 2020 motions. These findings and recommendations will consider the A-C's report back on directive number 2, and the recommendations of the LAHSA Commission's governance consultant, as described in Attachment III.

Should you have any questions concerning this matter, please contact me or Phil Ansell, Director of Homeless Initiative, at (213) 974-1752 or pansell@ceo.lacounty.gov.

FAD:JMN:TJM
PA:JR:LC:tv

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Los Angeles Homeless Services Authority

AUDITOR-CONTROLLER'S RESPONSE TO THE APRIL 10, 2018 MOTION: STRENGTHENING THE ACCOUNTABILITY OF MEASURE H FUNDS

Recognizing that Measure H would significantly increase the amount of County funds allocated to and administered by the Los Angeles Homeless Services Authority (LAHSA), in November 2017, the Chief Executive Office (CEO) requested the Auditor-Controller (A-C) to conduct an assessment of LAHSA's fiscal operations, which resulted in the A-C identifying 16 recommendations for operational improvement. Immediately following the issuance of the A-C's report, on April 10, 2018, the Board of Supervisors (Board) directed the CEO, in consultation with the A-C, LAHSA, and County Counsel, to report back on various directives that focused on strengthening the accountability of Measure H funds. In collaboration with the CEO, the A-C subsequently took various actions to identify improvement opportunities and help strengthen LAHSA's operations, as described below:

Assessments/Reviews of LAHSA's Operations:

- Fiscal Operations Assessment – Follow-Up Review (report issued on June 4, 2018) – To report back to the Board with the operational improvements that LAHSA had implemented in response to the A-C's Fiscal Operations Assessment review issued on April 3, 2018.
- Contracting Operations Assessment Review (report issued on June 25, 2018) – To determine whether LAHSA's contracting operations were appropriately designed to meet their Measure H requirements and responsibilities.
- Performance Data Validation and Limited Internal Controls Review (report issued on August 26, 2020) – To evaluate LAHSA's internal controls over their performance reporting and validate their Measure H performance data.

Technical Assistance:

- Deployment of Subject-Matter Experts – Two A-C staff with strong fiscal experience were assigned to LAHSA to provide fiscal assistance from June through October 2018. The staff assisted LAHSA in identifying improvement opportunities with various fiscal functions, such as cost allocation, cash flow projections, and account reconciliations.
- Training to LAHSA's Providers – In collaboration with LAHSA, the A-C developed a cost allocation training for LAHSA's providers, which included various concepts such as criteria for developing a cost allocation plan, and how to apply different cost allocation bases and methods. A-C staff provided a total of five training sessions from November 2019 through March 2020.

Resulting Operational Improvements

As described above, the A-C completed reviews of LAHSA's fiscal, contracting, and Measure H performance reporting functions that resulted in various recommendations for operational improvements. For example:

- Fiscal Operations – Key recommendations include addressing short and long-term staffing needs, improving cash flow to pay sub-recipients, maximizing options for cash advances, submitting reimbursement claims timely, strengthening procedures to ensure timely payments to sub-recipients, following up on aged accounts receivables timely, and enhancing oversight over key fiscal functions.
- Contracting Operations – Key recommendations include exploring streamlining opportunities to ensure contracts/amendments are executed timely, establishing multi-year contract terms, fully implementing LAHSA's new automated contract management information system, utilizing a single evaluation committee for each Request for Proposals solicitation, and assessing contracting staffing needs.
- Performance Reporting – Key recommendations include establishing a review process to ensure adequate documentation is maintained for performance data, and developing written standards and procedures to guide the data collection and entry into the Homeless Management Information System process.

The A-C will conduct follow-up reviews to determine the implementation statuses of the recommendations, and will report the results to the Board, as described in Attachment II.

LOS ANGELES HOMELESS SERVICES AUTHORITY'S ISSUES AND CORRECTIVE ACTIONS

As outlined in Attachment I, the Auditor-Controller (A-C) completed reviews¹ of the Los Angeles Homeless Services Authority's (LAHSA) fiscal, contracting, and Measure H performance reporting functions, and noted the following issues:

Review	Issues Noted	Corrective Action – Target Implementation Dates ²
Fiscal Operations Assessment³ Review (Issued 04/03/18)	1) Inadequate Staffing Levels	June 2018
	2) Retroactive Contracts	June 2019
	3) Inadequate Cash Flow to Pay Sub-Recipients	N/A ⁴
	4) Lacked Documentation Supporting All Available Cash Advances from Funding Sources Were Obtained	N/A ³
	5) Reimbursement Claims Not Submitted Timely	December 2018
	6) Payments to Sub-Recipients Not Paid Timely	N/A ³
	7) Aged Accounts Receivables Not Followed-up Timely	N/A ³
	8) Fiscal Operations Lacked Management Oversight	February 2018
	9) Management Review and Approval Process Inefficiencies Over Payments to their Sub-Recipients	July 2018
	10) Excessive Management Reviews and Approvals Over Reimbursement Claims to the Funding Sources	July 2018
	11) Unclear Job Roles and Responsibilities Within the Finance Department	December 2018
	12) Delays Due to Errors or Incomplete Documentation	July 2018
	13) Lack of Quality Assurance Reviews	July 2018
	14) Cross-Training of Staff	July 2018
	15) Policies and Procedures Not Updated or Consistently Followed	July 2018
	16) Lack of a Fiscal Operations Manual	December 2018
Contracting Operations Assessment Review (Issued 06/25/18)	1) Retroactive Contracts	December 2018
	2) Contract Terms Requiring Annual Amendments	July 2018
	3) Inadequate Contract Data Management System	December 2018
	4) Proposals Evaluated by Multiple Evaluation Committees	May 2018
	5) Insufficient Staffing Plan	June 2018
	6) Increase Outreach to Enhance Competition	July 2018
	7) Increase the Number of Evaluators	July 2018
	8) Consensus Scoring of Proposals	July 2018

¹ Reports can be viewed at <http://auditor.lacounty.gov/contract-monitoring-reports/>.

² Target implementation dates were indicated by LAHSA in their responses to each report.

³ The A-C identified additional recommendations in their follow-up review issued on 6/4/18. The A-C will determine the implementation status of the recommendations during their next follow-up of the Fiscal Operations Assessment report.

⁴ Not Applicable - LAHSA indicated the recommendations were implemented by the report issuance date.

Review	Issues Noted	Corrective Action – Target Implementation Dates
Performance Data Validation and Limited Internal Controls Review (Issued 08/26/20)	1) Supporting Documentation for Performance Data	August 2020
	2) Inaccurate Reporting of Performance Data	September 2020
	3) Homeless Management Information System Quality Control Plan	September 2020
	4) Data Input Errors	August 2020

Auditor-Controller's Follow-Up Process

To determine whether any of the issues noted above are outstanding or if LAHSA fully implemented corrective action, the A-C will conduct follow-ups of each review. During the follow-up process, the A-C will review LAHSA's reported corrective action for each issue along with supporting documentation. The A-C plans to complete all three reviews and report the results to the Board of Supervisors by late February 2021.



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 13, 2020

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

From: Sachi A. Hamai
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
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Fifth District

REVISITING THE LOS ANGELES HOMELESS SERVICES AUTHORITY'S STRUCTURE AND FUNCTION (ITEM NO. 3, AGENDA OF FEBRUARY 11, 2020)

The Los Angeles Homeless Services Authority (LAHSA) was created in December 1993, as a Joint Powers Authority (JPA) to integrate the Los Angeles County and Los Angeles City response to homelessness. In the time since LAHSA's creation, despite the infusion of resources to support the comprehensive plan to combat homelessness, the structure and function of LAHSA has not been extensively re-examined.

As such, on February 11, 2020, the Board of Supervisors (Board) adopted a motion directing the Chief Executive Office (CEO), Auditor-Controller, and County Counsel, in consultation with LAHSA and other relevant County Departments to: 1) conduct an analysis of the current structure and function of LAHSA (in concert with the efforts underway in the City of Los Angeles); and 2) report back to the Board with findings and recommendations, including proposed modifications to improve the governance structure, performance, accountability and transparency of LAHSA. This report serves as an interim response addressing these two items.

The February 11, 2020 motion also directed the CEO and LAHSA to report back at the Board meeting of February 18, 2020, on LAHSA's Permanent Housing Central Command and provide bimonthly public reports on the work being done by LAHSA. Information on these public reports by LAHSA and the CEO is not included in this update.

Workgroup Formation

The CEO convened a workgroup, consisting of staff from the Auditor-Controller and County Counsel. The Workgroup has been meeting regularly since February 2020 and developed a work plan to address the two deliverables above.

Work Plan

The Workgroup identified key elements necessary to conduct a thorough analysis of LAHSA's structure and function. These include:

- A review of documents relative to LAHSA's structure and performance.
 - Interviews to solicit feedback on LAHSA's performance, function and structure from the following key stakeholders:
 - Board Offices;
 - County departments that have substantial interaction with LAHSA;
 - Los Angeles County Development Authority (LACDA);
 - Councils of Governments (CoG) and cities, as determined by each CoG;
 - Los Angeles Continuum of Care Board*;
 - U.S. Department of Housing and Urban Development*;
 - Philanthropy*;
 - LAHSA's Lived-Experience Advisory Board and the Homeless Youth Forum of Los Angeles*.
- (*interviews will be conducted jointly with LA City and the consultant hired by LAHSA's ad hoc Committee on Governance)
- Collaboration with the City of Los Angeles and the LAHSA ad hoc Committee on Governance.
 - Review of funding and its impact on LAHSA's function and structure.
 - Review of accountability and transparency mechanisms.

Progress to Date

The Workgroup has met at least monthly and continued to focus on gathering relevant information to complete the assessment required by this Board Motion. To date, the following has been completed or is in progress:

- compilation of relevant documents governing the JPA and Continuum of Care;
- interviews with identified County departments and LACDA;
- round one of interviews with Board offices;
- participation in meetings chaired by LAHSA's ad hoc Committee on Governance around their work plan; and
- discussions with four CoGs and member cities, as invited by the CoGs. Meetings with all CoGs are targeted for completion by the end of August 2020.

Collaboration with the City of Los Angeles and LAHSA's ad hoc Committee on Governance

The LAHSA ad hoc Committee on Governance has secured a nationally-known consultant with extensive expertise around homelessness and the functioning of Continuums of Care to review LAHSA's function and structure.

The Workgroup will continue to collaborate with the City of Los Angeles and the LAHSA ad hoc Committee on Governance to align efforts, including interviews with additional stakeholders.

The ad hoc Committee on Governance is expecting to release the consultant's report in January 2021. The Workgroup will also review the report and take any findings and recommendations into consideration.

Next Steps

Over the next several months, the Workgroup will:

- complete interviews with stakeholders listed above, including those to be done jointly with LA City and the LAHSA ad hoc Committee on Governance;
- continue analysis of interview comments received for those interviews that have been completed;
- continue collaborating with the LA City and LAHSA's ad hoc Committee on Governance, as needed; and
- continue its analysis of LAHSA's funding and mechanisms for accountability and transparency.

Based on the above-described efforts, and the County's current effort around COVID-19, a final report on findings and recommendations, including any proposed modifications to improve the governance structure, performance, accountability and/or transparency of LAHSA, is targeted for late February 2021.

If you have any questions, please contact Phil Ansell, Homeless Initiative Director, at (213) 974-1752 or by email at pansell@ceo.lacounty.gov.

SAH:FAD:PA
TAM:JR:LC:tv

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Los Angeles Homeless Services Authority



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

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ARLENE BARRERA
AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

**PETER HUGHES
KAREN LOQUET
CONNIE YEE**

February 5, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H –
CONTRACTING OPERATIONS ASSESSMENT REVIEW (REPORT #X18703) - FIRST
FOLLOW-UP REVIEW (September 1, 2020, Board Agenda Item 19)**

On September 1, 2020, the Board of Supervisors instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C) and County Counsel, to report back on exploring new governance models to improve accountability and oversight of homeless funds. Item 2 of the motion included a request to report back on any outstanding issues related to the Los Angeles Homeless Services Authority's (LAHSA) fiscal and contracting operations and/or data collection and management systems, and corrective actions in each of these areas that are underway or pending.

On October 2, 2020, the CEO submitted a report back, which indicated the A-C would conduct follow-ups of their prior reviews to determine whether there are outstanding issues in any of the areas indicated above. Attached are the results of our follow-up review of LAHSA's Contracting Operations Assessment Review dated June 25, 2018 (Report #X18703). As summarized in Table 1, LAHSA fully implemented six recommendations and partially implemented two recommendations to enhance controls over their contracting operations. LAHSA should continue working with the County to fully implement the two outstanding recommendations to further enhance the effectiveness and efficiency of their Contracting Operations.

Table 1 - Results of First Follow-up Review

RECOMMENDATION IMPLEMENTATION STATUS				
PRIORITY RANKINGS	TOTAL RECOS	FULLY IMPLEMENTED	OUTSTANDING RECOMMENDATIONS	
			PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	5	3	2	0
PRIORITY 2	2	2	0	0
PRIORITY 3	1	1	0	0
TOTAL	8	6	2	0
			2	

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Attachment I provides details of our review and LAHSA's corrective actions. Our review consisted of an examination of LAHSA's description of actions taken, the relevant documents and supporting evidence provided by the Agency, as well as inquiry and discussion with responsible LAHSA personnel. Our follow-up review did not constitute an "audit" and did not include testing of assertions for verification purposes.

We thank LAHSA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Terri Kasman at tkasman@auditor.lacounty.gov.

AB:OV:PH:TK:JH:tw

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Heidi Marston, Executive Director, Los Angeles Homeless Services Authority

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment I
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Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Terri Kasman
DIVISION CHIEF

COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X21704

LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H – CONTRACTING OPERATIONS ASSESSMENT REVIEW (REPORT #X18703) FIRST FOLLOW-UP REVIEW

	RECOMMENDATION	A-C COMMENTS
1	<p>Priority 1 - Los Angeles Homeless Services Authority (LAHSA or Agency) management evaluate current contracting processes/operations to identify streamlining opportunities to ensure sub-recipient contracts and necessary amendments are executed before the contract period begins.</p> <p>Original Issue/Impact: LAHSA did not execute contracts with their sub-recipients timely. As a result, LAHSA's sub-recipients continued providing services without having an executed contract in place, which caused delays in the Agency's ability to process, approve, and issue payments to sub-recipients. Retroactive contracting also poses a significant liability to the contracted providers, LAHSA, and the County.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA management identified streamlining opportunities and made enhancements to their contracting operations. For example, LAHSA implemented Contract Logix in 2018, a document management system that replaced LAHSA's manual contract database, and also established multi-year contract terms for their sub-recipient contracts to reduce their contracting workload.</p> <p>However, the Agency must still amend the contracts annually to establish new budget amounts since the majority of LAHSA's own funding is approved on an annual basis. As a result, we identified 226 (56%) out of LAHSA's 406 required amendments were executed retroactively during Fiscal Year (FY) 2020-21, and 162 (40%) were still pending execution as of January 7, 2021. LAHSA management attributed the delays to the expansion of services and funding challenges caused by the COVID-19 pandemic. To address the funding challenges that are impacting their contracting operations, LAHSA management indicated they intend to work with their funding sources to explore and pursue other funding models.</p> <p>In addition, to further enhance their contracting operations, LAHSA indicated they are in the process of implementing additional enhancements, such as a full grant lifecycle management system that will replace Contract Logix (as mentioned below in Issue 3), and a Procurement Modernization Plan that will expedite the contract application and awards process. LAHSA plans to implement these enhancements to further streamline the contracting process and prevent retroactive contracts by July 2021, should their COVID-19 mitigation efforts permit.</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>2 Priority 1 - LAHSA management assess the possibility of establishing multi-year contract terms for their sub-recipients where appropriate.</p> <p>Original Issue/Impact: LAHSA's contracts were executed for a maximum term of one year, requiring the Agency to execute contract amendments annually, which significantly increased the workload of contracting staff. Management indicated that this had always been LAHSA's standard practice since the Agency's funding sources have historically required approval on an annual basis. However, some of LAHSA's funding sources allowed for multi-year contract terms.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA management implemented multi-year contract terms for all sub-recipient contracts. Having active multi-year contracts ensures the continuum of services and helps reduce the workload of contracting staff. It should be noted that LAHSA must still amend their contracts annually to establish new budget amounts, as mentioned above in Issue 1. According to LAHSA, budgets must continue to be amended annually since the majority of their own funding is not continuous and is approved on an annual basis.</p>
<p>3 Priority 1 - LAHSA management ensure their new automated contract management information system gets fully implemented to ensure accurate and complete information is maintained to enhance management oversight of their contracting operations.</p> <p>Original Issue/Impact: At the time of our review, LAHSA used Microsoft Excel spreadsheets to manually track their sub-recipient contracts. However, the spreadsheets were often missing necessary information, such as the contract execution dates, and/or the information was not always accurate. In addition, LAHSA's manual tracking system did not have the ability to alert users of items that require attention or follow-up, such as when contracts approach expiration. Not adequately tracking the different phases and statuses of each contract can result in execution delays and retroactive contracting.</p> <p>To address these issues, LAHSA management indicated they had purchased a new automated contract management information system, which was expected to be fully implemented by December 2018.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA management fully implemented their new contract management system, Contract Logix in 2018, and updated their Contracts and Grants Management Policies and Procedures to reflect changes associated with the new system. As a result, LAHSA enhanced oversight of their contracting operations by using the new system to track key contract information, such as whether a contract is pending, executed, or expiring within 60 days. To further enhance their contracting operations, LAHSA indicated they plan to implement a Grant Management System that will replace Contract Logix, as mentioned above in Issue 1. According to LAHSA, the new system will have the functionality of Contract Logix as well as enhanced functions such as budgeting, internal and external communications, and monitoring.</p>
<p>4 Priority 1 - LAHSA management ensure that a sole evaluation committee is assigned to review and score all proposals submitted for each solicitation/contract award.</p> <p>Original Issue/Impact: LAHSA does not use a sole evaluation committee to evaluate the proposals submitted for Request For Proposal (RFP) solicitations, which could result in inconsistencies in final scoring. To ensure a consistent process for</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA implemented the use of sole evaluation committees for RFPs where five or fewer proposals are received and when proposers are in direct competition with each other (i.e., competing for services within the same Service Planning Area). Otherwise, LAHSA uses multiple evaluation teams to address concerns with evaluator fatigue, as indicated in their response to our review. Although</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
evaluating proposals, LAHSA should establish one evaluation committee for each solicitation/contract award.	LAHSA may still utilize multiple evaluation teams, the Agency further enhanced their RFP evaluation process by implementing the use of the County's Informed Averaging Method to ensure RFPs are evaluated in the most fair, objective, and comprehensive manner, as mentioned below in Issue 8.
<p>5 Priority 1 - LAHSA management continue to assess their contracting staffing needs to ensure that staffing levels are sufficient to meet workload demands.</p> <p>Original Issue/Impact: At the time of our review, LAHSA had completed a FY 2017-18 Agency-wide staffing assessment. However, the assessment did not sufficiently address LAHSA's anticipated increase in workload for their contracting operations due to increases in Measure H funding. Insufficient staffing to meet workload demands can affect LAHSA's ability to execute contracts timely, which could impact their sub-recipient's ability to provide critical client services.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA hired a consulting firm to assess their contracting operations, which included an assessment of staffing levels needed to meet anticipated workload demands. However, although LAHSA's assessment addressed the expected increases in workload, it did not include a contingency plan to address extraordinary circumstances, such as the COVID-19 pandemic, which according to LAHSA had more than doubled their contracting workload. To fully implement our recommendation, LAHSA indicated they will continue to assess their staffing levels and workload (including the impact of COVID-19), in conjunction with implementing the enhancements mentioned above in Issue 1 to prevent retroactive contracts/amendments.</p>
<p>6 Priority 2 - LAHSA management explore other methods of advertising competitive solicitations to increase competition and ensure that services are being provided by the most qualified providers, and update any policies and procedures as necessary.</p> <p>Original Issue/Impact: During our review, we noted instances where LAHSA awarded contracts to a sole proposer for the services being solicited, which may have resulted from a lack of advertising. At the time, LAHSA's practice was to advertise their solicitations on their website and through an e-mail list of potential providers. However, due to the lack of responses, the Agency should explore other methods of advertising their solicitations to increase competition and ensure services are provided by the most qualified providers.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA explored and utilized additional methods for advertising solicitations. Specifically, LAHSA provided documentation to demonstrate the use of new advertising methods, such as utilizing social media, to increase outreach and enhance competition.</p>
<p>7 Priority 2 - LAHSA management revise their policy to ensure that a minimum of three evaluators with subject matter expertise are used to evaluate the technical components of an RFP.</p> <p>Original Issue/Impact: At the time of our review, LAHSA's policy required a team of at least two</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA revised their policies and procedures to require a minimum of three programmatic/technical evaluators for each RFP. In addition, LAHSA provided examples of recent RFP</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
	evaluators to review and score the programmatic/technical components of an RFP. However, given the inherent subjectivity of the process, LAHSA should increase the number of evaluation committee members to at least three to enhance the objectivity and fairness of the evaluation process.	evaluations in which we confirmed the Agency utilized three evaluators.
8	<p>Priority 3 - LAHSA management explore other evaluation methods, such as the County's Informed Averaging Method, to ensure that RFPs are evaluated in the most fair, objective, and comprehensive manner, and update any policies and procedures as necessary.</p> <p>Original Issue/Impact: LAHSA used a consensus scoring methodology for evaluating the programmatic/technical components of an RFP. While this is a known scoring method that offers the benefit of a group discussion to address any errors or misunderstandings, it does not take into account the unique perspective of each individual evaluator. This can result in a single evaluator significantly influencing a committee's deciding score.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA explored other evaluation methods and implemented the County's Informed Averaging Method for evaluating the Agency's RFPs in July 2018. The Informed Averaging Method is the County's best practice method for scoring and evaluating competitive solicitations which requires that evaluators independently review and score each proposal, meet as a group to discuss, then based on the discussions, individually determine if they wish to modify any scores for final compilation. In addition, we reviewed LAHSA's RFP Procedures and Quality Review Instructions Manual and confirmed the Agency updated their policies and procedures to reflect using the Informed Averaging Method for all of their RFPs.</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.

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.



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

KENNETH HAHN HALL OF ADMINISTRATION
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**PETER HUGHES
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February 9, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H –
PERFORMANCE DATA VALIDATION AND LIMITED INTERNAL CONTROLS REVIEW
(REPORT #X19706) - FIRST FOLLOW-UP REVIEW (September 1, 2020, Board
Agenda Item 19)**

On September 1, 2020, the Board of Supervisors instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C) and County Counsel, to report back on exploring new governance models to improve accountability and oversight of homeless funds. Item 2 of the motion included a request to report back on any outstanding issues related to the Los Angeles Homeless Services Authority's (LAHSA or Agency) fiscal and contracting operations and/or data collection and management systems, and corrective actions in each of these areas that are underway or pending.

On October 2, 2020, the CEO submitted a report back which indicated the A-C would conduct follow-ups of their prior reviews to determine whether there are outstanding issues in any of the areas indicated above. As such, we have completed a follow-up review of LAHSA's Performance Data Validation and Limited Internal Controls Review dated August 26, 2020 (Report #X19706). As summarized in Table 1, LAHSA fully implemented three recommendations and partially implemented one recommendation to enhance controls over their performance data reporting. LAHSA should fully implement the one outstanding recommendation to further enhance and improve the reporting of their Measure H performance outcomes.

Table 1 - Results of First Follow-up Review

RECOMMENDATION IMPLEMENTATION STATUS				
PRIORITY RANKINGS	TOTAL RECOS	FULLY IMPLEMENTED	OUTSTANDING RECOMMENDATIONS	
			PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	2	1	1	0
PRIORITY 2	1	1	0	0
PRIORITY 3	1	1	0	0
TOTAL	4	3	1	0
			1	

Attachment I provides details of our review and LAHSA's corrective actions. Our review consisted of an examination of LAHSA's description of actions taken, the relevant documents and supporting evidence

provided by the Agency, as well as inquiry and discussion with responsible LAHSA personnel. Our follow-up review did not constitute an “audit” and did not include testing of assertions for verification purposes.

We thank LAHSA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Terri Kasman at tkasman@auditor.lacounty.gov.

AB:OV:PH:TK:JH:tw

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Heidi Marston, Executive Director, Los Angeles Homeless Services Authority

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment I
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Peter Hughes
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Terri Kasman
DIVISION CHIEF

COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X21705

LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H – PERFORMANCE DATA VALIDATION AND LIMITED INTERNAL CONTROLS REVIEW (REPORT #X19706) FIRST FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 - Los Angeles Homeless Services Authority (LAHSA or Agency) management establish a review process to ensure adequate documentation for their reported performance data is appropriately maintained and readily available upon request.</p> <p>Original Issue/Impact: LAHSA was initially unable to provide supporting documentation (e.g., detailed list of clients served) for six of the eight Homeless Initiative – Measure H Strategies (Strategies) during our review of their July through December 2018 performance data. According to LAHSA management, this was due to issues with the software used to convert data from their Homeless Management Information System (HMIS), a database used to track client services, into a usable format. Specifically, LAHSA could not re-generate the requested detailed reports due to the software issues, and could not locate the past generated reports that were used due to staff turnover within their Data Management Department.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA established a process to ensure adequate documentation for their performance data is appropriately maintained. The process includes saving point-in-time data files when LAHSA submits performance data, which in turn can be used to generate detailed supporting documentation. We also confirmed LAHSA's ability to generate supporting documentation upon request by reviewing a sample of reports (i.e., detailed lists of clients served) to support their performance data submitted for July through September 2020.</p>
<p>2 Priority 1 - LAHSA management:</p> <p>a) Develop written standards and procedures that adequately guide the data collection and entry into HMIS process.</p> <p>b) Establish a review process to ensure the procedures are appropriately followed and program services are accurately reported.</p> <p>Original Issue/Impact: LAHSA did not always accurately report the performance data for their Strategies, which resulted in an overstatement of program outcomes. The Agency attributed the inaccuracies to various factors, such as HMIS input errors, the need for additional training for service providers and standardized processes.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA developed and implemented written standards and procedures to guide their data collection and review process. Specifically, LASHA developed and implemented a comprehensive Data Management Policies and Procedures (Policies) manual. We reviewed the Policies and confirmed it included detailed procedures for LAHSA's performance data collection, review, and reporting processes. However, the updated Policies do not include data collection and entry standards at the service provider level. To fully implement our recommendation, LAHSA should develop written standards and procedures to adequately guide their service providers in collecting and inputting data into HMIS.</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>3 Priority 2 - LAHSA management fully implement their HMIS Data Quality Plan (Plan) to ensure their performance data is reliable, accurate, and complete.</p> <p>Original Issue/Impact: LAHSA maintains HMIS, a system also used by their contracted agencies to track client services. During our review LAHSA had not yet fully implemented a quality control plan to ensure data in the system is reliable, accurate, and complete. Specifically, we noted procedures in LAHSA's existing Plan that were not always in effect, which increased the risk of inaccurate and/or incomplete data not being identified timely.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA enhanced and implemented their Plan to ensure data from HMIS is reliable, accurately reported, and complete. Specifically, we reviewed LAHSA's updated Plan and confirmed it included additional procedures for detecting data quality errors timely. In addition, we reviewed a sample of documents for updated elements of the Plan to confirm the procedures were implemented. For example, we reviewed reports that LAHSA staff use to monitor data for specific programs to identify any data errors or red flags. We also confirmed that the updated Plan was distributed to all data management staff on June 30, 2020.</p>
<p>4 Priority 3 - LAHSA management implement a review process to ensure performance data is accurately inputted into quarterly reports.</p> <p>Original Issue/Impact: Our review of LAHSA's supporting documentation for their July 2018 through June 2019 performance data identified minor data input errors in the quarterly report templates submitted to the Chief Executive Office. According to LAHSA management, the data was manually transferred into the established quarterly report templates and the discrepancies were due to clerical error. Although this generally resulted in minor understatements of program outcomes, LAHSA should implement a review process to reduce the risk of inaccurately reporting their performance data.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA implemented a multi-level review process to ensure performance data is accurately recorded into quarterly reports. Specifically, we reviewed the procedures and confirmed they include data verification steps, such as confirming a copy of the raw data used is saved and available, the data is accurately recorded into reporting templates, and the accuracy of mathematical computations.</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.



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PETER HUGHES
KAREN LOQUET
CONNIE YEE

February 18, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H – FISCAL OPERATIONS ASSESSMENT REVIEW (REPORT #X18602) - SECOND FOLLOW-UP REVIEW (September 1, 2020, Board Agenda Item 19)**

On September 1, 2020, the Board of Supervisors instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C) and County Counsel, to report back on exploring new governance models to improve accountability and oversight of homeless funds. Item 2 of the motion included a request to report back on any outstanding issues related to the Los Angeles Homeless Services Authority's (LAHSA or Agency) fiscal and contracting operations and/or data collection and management systems, and corrective actions in each of these areas that are underway or pending.

On October 2, 2020, the CEO submitted a report back which indicated the A-C would conduct follow-ups of their prior reviews to determine whether there are outstanding issues in any of the areas indicated above. Attached are the results of our second follow-up review of LAHSA's Fiscal Operations Assessment Review dated April 3, 2018 (Report #X18602). We reviewed the status of the eight Priority 1, four Priority 2, and four Priority 3 recommendations that had not been fully implemented in our first follow-up report issued June 4, 2018.

As summarized in Table 1, LAHSA fully implemented ten recommendations and partially implemented six recommendations to enhance controls over their Fiscal Operations. LAHSA should fully implement the six outstanding recommendations to further enhance the effectiveness and efficiency of their Fiscal Operations.

Table 1 - Results of Second Follow-up Review

RECOMMENDATION IMPLEMENTATION STATUS					
PRIORITY RANKINGS	TOTAL RECOS OUTSTANDING	EXEMPT FROM REVIEW	FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	8	0	7	1	0
PRIORITY 2	4	0	3	1	0
PRIORITY 3	4	0	0	4	0
TOTAL	16	0	10	6	0
					6

Attachment I provides details of our review and LAHSA's corrective actions. Our review consisted of an examination of LAHSA's description of actions taken, the relevant documents and supporting evidence provided by the Agency, as well as inquiry and discussion with responsible LAHSA personnel. Our follow-up review did not constitute an "audit" and did not include testing of assertions for verification purposes.

We thank LAHSA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Terri Kasman at tkasman@auditor.lacounty.gov.

AB:OV:PH:TK:JH:tw

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Heidi Marston, Executive Director, Los Angeles Homeless Services Authority

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment I
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Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Terri Kasman
DIVISION CHIEF

COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X21706

LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H – FISCAL OPERATIONS ASSESSMENT REVIEW (REPORT #X18602) SECOND FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 - Los Angeles Homeless Services Authority (LAHSA or Agency) management immediately complete a comprehensive Agency-wide staffing assessment, including determining the cause for their high staff turnover, and develop a comprehensive staffing plan to address the short and long-term staffing needs of the Agency. In addition, LAHSA management ensure they standardize the method for completing their staffing analyses, including using clear methodologies that are supported with documentation, to ensure that adequate staffing levels are maintained.</p> <p>Original Issue/Impact: At the time of our review, LAHSA did not have appropriate staffing levels within their Finance Department to meet their current or anticipated workload, and did not provide documentation to support that a comprehensive Agency-wide staffing assessment was completed to determine the appropriate level of staffing needed to properly operate the Agency's growing operations. The lack of adequate staffing can impact LAHSA's and their sub-recipients' ability to provide critical client services.</p> <p>After our review, LAHSA provided their Fiscal Year (FY) 2017-18 Staffing Analysis, but did not develop a standardized method for completing their staffing analyses that clearly identified the methodologies used in developing their FY 2017-18 staffing plan, or the methodologies they plan to use to assess subsequent short and long-term staffing needs.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA completed a comprehensive staffing assessment to determine the appropriate staffing levels needed for their operations. Specifically, LAHSA implemented a comprehensive internal business planning process, which includes a standardized method for completing a staffing analysis for each LAHSA department. The staffing analysis is based on various factors, such as a department's projected workload and strategic priorities. In addition, LAHSA's staffing levels within their Finance Department significantly improved since our initial review and the Agency's Finance Department was more than 90% staffed as of December 2020.</p> <p>It should be noted that for their contracting operations, LAHSA must still improve their staffing levels to meet workload demands, as detailed in our Contracting Operations Assessment Follow-up Review issued on February 5, 2021.</p>
<p>2 Priority 1 - LAHSA management evaluate current contracting processes/operations to identify streamlining opportunities to ensure contracts with the funding sources and their sub-recipients are executed on time as required.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA management identified streamlining opportunities and made enhancements to their contracting operations. For example, LAHSA implemented Contract Logix in 2018, a document management system that replaced</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>Original Issue/Impact: LAHSA did not execute contracts with their sub-recipients timely. As a result, sub-recipients continued providing services without having an executed contract in place which caused delays in LAHSA's ability to process, approve, and issue payments to sub-recipients. Retroactive contracting also poses a significant liability to the contracted providers, LAHSA, and the County.</p>	<p>LAHSA's manual contract database, and also established multi-year contract terms for their sub-recipient contracts to reduce their contracting workload.</p> <p>However, the Agency must still amend the contracts annually to establish new budget amounts since LAHSA's own funding is approved on an annual basis. As a result, LAHSA still had contracts/ amendments that were pending execution as of December 2020, as detailed in our Contracting Operations Assessment Follow-up Review. LAHSA management attributed this to the expansion of services and funding challenges caused by the COVID-19 pandemic.</p> <p>To further enhance their contracting operations, LAHSA indicated they are in the process of implementing additional enhancements, such as a Grant Management System, a full grant lifecycle management system that will replace Contract Logix, and a Procurement Modernization Plan that will expedite the contract application and award process. LAHSA plans to implement these enhancements to further streamline the contracting process and prevent retroactive contracts by July 2021.</p>
<p>3 Priority 1 - LAHSA management explore options with banking institutions for obtaining a line of credit/revolving fund, and/or re-evaluate and discuss options with their funding sources, such as allowing billing for accruals, increasing frequency and limits of cash advance requests, and allowing for multiple reimbursement claims on an as needed basis, that would allow the Agency access to cash on a short-term basis. In addition, LAHSA management ensure that all cash advances are properly accounted for in their accounting records, and optimize their cash flow by utilizing all available cash advances from their funding sources and ensuring that reimbursement claims are submitted timely.</p> <p>Original Issue/Impact: At the time of our review, LAHSA did not have adequate cash flow to pay their sub-recipients timely. The Agency did not submit reimbursement claims to their funding sources until after the sub-recipient invoices were processed and approved and as a result, LAHSA indicated they did not have funding reserves or other resources, such as a line of credit, to pay their sub-recipients until they</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA improved their cash flow to pay their Measure H sub-recipients timely once they had received invoices for reimbursement. The Agency received approximately \$82.5 million in Measure H cash advances from the Chief Executive Office (CEO) in FY 2020-21, which they properly accounted for in their accounting records, and can now make supplemental cash requests to the CEO to reduce the processing time for paying their sub-recipients. As a result, the average time for LAHSA to pay their sub-recipients decreased from approximately 41 days in September 2018 to approximately eight days in September 2020, as indicated below in Issue 6.</p> <p>It should be noted that as mentioned in our Contracting Operations Assessment Follow-up Review, LAHSA had contract amendments that were executed retroactively in FY 2020-21, which impacted their sub-recipients' ability to submit timely invoices for reimbursement.</p>

RECOMMENDATION		A-C COMMENTS
	received payments from their funding sources. A lack of adequate cash flow impacts the timeliness of payments to sub-recipients, which may also impact the ability to provide critical client services.	
4	<p>Priority 1 - LAHSA management ensure they are maximizing their options for cash advances from funding sources by identifying all funding sources that allow for cash advances and tracking all cash advances requested and received.</p> <p>Original Issue/Impact: LAHSA did not provide documentation to demonstrate that they took full advantage of requesting and obtaining all available cash advances from their funding sources, which could negatively impact the Agency's cash flow. Specifically, LAHSA did not identify all funding sources that allow for cash advances and did not maintain a record of all cash advance requests made/received. In addition, our June 4, 2018 follow-up review identified approximately \$3 million in available cash advances that were not requested.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA developed a log used to identify all funding sources that allow for cash advances and adequately tracked the amount of advances requested and received. In addition, we confirmed LAHSA maximized their use of cash advances by reviewing their log, which indicated they had requested all advances that were available and unrestricted, including advances from the County and City of Los Angeles.</p>
5	<p>Priority 1 - LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure that reimbursement claims to the funding sources are initiated timely and submitted within established due dates. In addition, LAHSA management should work with the CEO to re-negotiate the terms of their Operating Agreement (OA) to allow the Agency to submit their reimbursement claims on an as needed basis to enhance cash flow.</p> <p>Original Issue/Impact: LAHSA did not always submit reimbursement claims to their funding sources by the established due dates. For Measure H, LAHSA's OA with the CEO requires invoices to be submitted within 30 days after the claim period.</p> <p>The delays were caused by LAHSA's manual processes, which hindered the Agency's efficiency in their fiscal operations and ultimately impacted the timeliness of payments to sub-recipients.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA developed updated procedures, such as the use of a Cash Request Log, to track claims sent to their funding sources for reimbursement. We also confirmed LAHSA tracked the timeliness of their reimbursement claims by reviewing their Cash Request Logs for FYs 2019-20 and 2020-21. In addition, we confirmed LAHSA can now submit as-needed supplemental reimbursement claims to the CEO to enhance cash flow.</p>
6	<p>Priority 1 - LAHSA management improve controls and oversight of the Accounts Payables (A/P) function by strengthening procedures to ensure payments to sub-recipients are paid timely by identifying who will be responsible for following-up on aging A/P.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA improved controls and oversight of their A/P function to pay sub-recipients timely. For example, LAHSA implemented new software for sub-recipient invoicing to improve</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>Original Issue/Impact: LAHSA did not always pay their sub-recipients timely, which impacted their cash flow and the ability to provide client services. In addition, after our initial review, we noted that LAHSA's sub-recipients were still not always paid timely even though the Agency initiated a 7-day pay process to improve the timeliness of their sub-recipient payments. Specifically, we reviewed a sample of ten Measure H sub-recipient payments made in February and March 2018, and noted that all ten (100%) were paid after the Agency's targeted seven days, of which four (40%) were paid after the required 30 days.</p>	<p>controls and strengthen their A/P process and allocated additional staff to their A/P function. As a result, LAHSA significantly improved the average time to process and pay their sub-recipients. Specifically, we reviewed LAHSA's internal reports that track the timeliness of their sub-recipient payments and confirmed that LAHSA reduced the average time to pay their sub-recipients from approximately 41 days in September 2018 to approximately eight days in September 2020. Although LAHSA did not specifically meet their original 7-day pay process goal, the Agency implemented our recommendation by improving controls and oversight of their A/P function to significantly improve the timeliness of sub-recipient payments.</p> <p>It should be noted that as mentioned in our Contracting Operations Assessment Follow-up Review, LAHSA had contract amendments that were executed retroactively in FY 2020-21, which impacted their sub-recipients' ability to submit timely invoices for reimbursement.</p>
<p>7 Priority 1 - LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure they follow-up on their aged Accounts Receivables (A/R) timely.</p> <p>Original Issue/Impact: LAHSA did not always follow-up on their aged A/R timely. This impacted LAHSA's ability to receive revenue timely, which could lead to delays in paying their sub-recipients.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA developed and implemented updated procedures to follow-up on aged A/R timely. Specifically, we reviewed the Agency's A/R Aging Action Plan which indicated a specific follow-up process that is initiated once a receivable is past due.</p>
<p>8 Priority 1 - LAHSA management provide adequate oversight of key fiscal functions.</p> <p>Original Issue/Impact: LAHSA management did not always provide adequate oversight over key fiscal functions, which led to operational inefficiencies. As previously indicated, LAHSA did not always maintain adequate staffing levels and follow-up on aged receivables and payables timely.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA filled and maintained additional key positions (e.g., supervisors and managers) in their Finance Department to enhance oversight of key fiscal functions. In addition, LAHSA implemented key fiscal recommendations, such as recommendations 3 through 7 identified in this review.</p>
<p>9 Priority 2 - LAHSA management re-evaluate their current review and approval processes to improve efficiency and reduce the time required to process all of their transactions.</p> <p>Original Issue/Impact: LAHSA's review/approval process for payments to sub-recipients required <u>up to</u></p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA revised their approval thresholds to streamline the sub-recipient cash advance request and invoice processes. Specifically, we reviewed LAHSA's updated policy indicating they reduced the number of approvers</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>five levels of review depending on the dollar amount of the payment, resulting in inefficiencies and delays that could impact their sub-recipients' cash flow and ability to provide client services.</p>	<p>required from five to two and the Agency indicated their sub-recipient invoicing system reflects the updated processes. As a result, the average time for LAHSA to pay their sub-recipients significantly decreased, as mentioned above in Issue 6.</p> <p>It should be noted that as mentioned in our Contracting Operations Assessment Follow-up Review, LAHSA had contract amendments that were executed retroactively in FY 2020-21, which impacted their sub-recipients' ability to submit timely invoices for reimbursement.</p>
<p>10 Priority 2 - LAHSA management re-evaluate their review and approval processes for preparing and submitting the reimbursement claims to the funding sources.</p> <p>Original Issue/Impact: LAHSA's reimbursement claims to their funding sources required five levels of review and approval regardless of the reimbursement request type and/or amount. Having excessive layers of approval could result in delays in submitting reimbursement claims and receiving cash from LAHSA's funding sources.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA revised their approval thresholds to streamline the reimbursement claims process. Specifically, we reviewed LAHSA's updated policy indicating they reduced the number of approvers required from five to two and the Agency implemented updated procedures to reflect the new approval process. As a result, LAHSA improved the timeliness of submitting their reimbursement claims, as mentioned above in Issue 5.</p>
<p>11 Priority 2 - LAHSA management provide adequate oversight to ensure that responsible individuals are clear on their roles and responsibilities.</p> <p>Original Issue/Impact: LAHSA did not provide adequate management oversight to ensure that finance staff had a clear understanding of their roles and responsibilities and were aware of who was responsible for certain functions. Having unclear roles and responsibilities may negatively impact LAHSA's ability to operate efficiently and effectively.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA developed a comprehensive Fiscal Operations Manual (Manual) to ensure finance staff were clear on their roles and responsibilities. In addition, we reviewed the Manual and confirmed it included detailed procedures for various functions within LAHSA's Finance Department. However, as mentioned below in Issue 16, LAHSA has not yet finalized the Manual. To fully implement our recommendation, LAHSA should ensure the Manual is finalized, reviewed and approved by management, and issued to the appropriate staff.</p>
<p>12 Priority 2 - LAHSA management establish and use a centralized file that identifies each of the subrecipients' contract requirements.</p> <p>Original Issue/Impact: Sub-recipients' cash advance requests and invoices were not always processed timely due to improper coding or incomplete documentation required by LAHSA, which delayed payments and negatively impacted the sub-recipients cash flow. At the time of our initial review, LAHSA's Finance Department did not have a</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA established a centralized reference file to identify their sub-recipients' contract requirements for cash advance requests and invoices. The file is used to assist staff in ensuring required documents have been submitted and transactions were coded accurately. We also confirmed LAHSA populated the centralized reference file by reviewing screenshots identifying</p>

RECOMMENDATION	A-C COMMENTS
<p>central reference file that identified the contract requirements for each sub-recipient that could assist staff in ensuring the required documents have been submitted and transactions were coded accurately.</p>	<p>separate files for each of LAHSA's sub-recipient contracts.</p>
<p>13 Priority 3 - LAHSA management implement a quality assurance process to periodically evaluate internal business operations and its effectiveness to ensure compliance with internal controls, internal policies and procedures, and contract requirements.</p> <p>Original Issue/Impact: LAHSA did not have an internal quality assurance process to evaluate their business operations' internal controls, compliance with internal policies and procedures, and/or compliance with contract requirements. The risk for errors, fraud, abuse, non-compliance, and/or other operational weaknesses/inefficiencies increases when an organization does not have an effective quality assurance process in place to evaluate and monitor their internal operations.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA established an Internal Auditing Unit (IAU) to periodically evaluate their internal business operations. However, IAU's Annual Risk Assessment and Audit Plan (Audit Plan), which identifies the scope and frequency of their internal audit reviews, has not been updated since FY 2018-19. LAHSA's Audit Plan should be reviewed annually and updated as necessary. In addition, as of December 2020, IAU had not issued an audit report since July 2019. LAHSA attributed these issues to staff shortages within IAU.</p> <p>To fully implement our recommendation, LAHSA should ensure they fully staff their IAU, update their Audit Plan annually, and issue timely audit reports to ensure proper oversight of their internal business operations. LAHSA plans to fully implement this recommendation by June 2021.</p>
<p>14 Priority 3 - LAHSA management ensure that more than one employee can perform key job functions by cross-training staff.</p> <p>Original Issue/Impact: As mentioned above, due to high turnover in their Finance Department and staff shortages, the remaining staff had to take on additional responsibilities outside of their assigned job functions. However, Finance Department staff voiced concerns that they had little or no cross-training to perform the additional duties. Without adequate guidance from management and proper cross-training of staff, the Agency's work product could be negatively impacted and create a backlog of assignments.</p>	<p>Recommendation Status: Partially Implemented</p> <p>As previously mentioned, we confirmed LAHSA developed a Manual that includes detailed procedures for various functions within LAHSA's Finance Department. In addition, we reviewed the Manual and confirmed it identifies the primary and secondary staff who are responsible for and can perform key fiscal functions.</p> <p>However, the Manual still needs to be finalized and approved, as mentioned below in Issue 16. To fully implement our recommendation, LAHSA needs to finalize and approve the Manual, and ensure staff are adequately cross trained to perform key functions as indicated in the Manual. LAHSA plans to fully implement this recommendation by June 2021.</p>

RECOMMENDATION	A-C COMMENTS
<p>15 Priority 3 - LAHSA management should review and update the existing fiscal policies and procedures manual to include critical fiscal processes and reflect updated practices that are/should be in place, and ensure staff are in compliance with the established policies and procedures.</p> <p>Original Issue/Impact: LAHSA's fiscal policies and procedures manual was missing critical fiscal processes and had not been updated to reflect current actual practices since August 2016, which could result in internal control weaknesses and inconsistencies with fiscal procedures. In addition, LAHSA management did not always ensure compliance with existing fiscal policies and procedures, which could also result in internal control weaknesses, organizational inefficiencies, and risk of non-compliance with contract requirements.</p>	<p>Recommendation Status: Partially implemented</p> <p>As previously mentioned, LAHSA developed a comprehensive Manual, which we confirmed replaced LAHSA's outdated fiscal policies and procedures manual. In addition, we reviewed the Manual and confirmed it includes critical fiscal processes and reflects updated procedures that are currently in practice.</p> <p>However, as mentioned below in Issue 16, LAHSA has not yet finalized the Manual. To fully implement our recommendation, LAHSA should ensure the Manual is finalized, reviewed and approved by management, and issued to the appropriate staff. LAHSA plans to fully implement this recommendation by June 2021.</p>
<p>16 Priority 3 - LAHSA management develop a comprehensive Fiscal Operations Manual for each position that includes step-by-step procedures for all assigned duties to ensure compliance with proper internal controls and to help standardize processes.</p> <p>Original Issue/Impact: LAHSA did not have a comprehensive fiscal operations manual, which was referenced in their fiscal policy and procedures manual. The lack of a comprehensive fiscal operations manual can lead to internal control weaknesses, improper processing of financial transactions, and organizational inefficiencies.</p>	<p>Recommendation Status: Partially Implemented</p> <p>As previously mentioned, we confirmed LAHSA management developed a comprehensive Manual that included detailed procedures for various functions to help standardize processes within LAHSA's Finance Department. However, although the Manual includes updated procedures to guide LAHSA's fiscal operations, LAHSA is still actively updating the Manual and therefore, it has not been finalized and approved by LAHSA management. To fully implement our recommendation, LAHSA should ensure the Manual is finalized, reviewed and approved by management, and issued to the appropriate staff. LAHSA plans to fully implement this recommendation by June 2021.</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.



County of Los Angeles CHIEF EXECUTIVE OFFICE

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FESIA A. DAVENPORT
Chief Executive Officer

March 2, 2021

To: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Fesia A. Davenport
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

REVISITING THE LOS ANGELES HOMELESS SERVICES AUTHORITY'S STRUCTURE AND FUNCTION (ITEM NO. 3, AGENDA OF FEBRUARY 11, 2020) AND EXPLORING NEW GOVERNANCE MODELS TO IMPROVE ACCOUNTABILITY AND OVERSIGHT OF HOMELESS FUNDS (ITEM NO. 19, AGENDA OF SEPTEMBER 1, 2020)

On February 11, 2020 and September 1, 2020, the Board of Supervisors (Board) took action to examine the Los Angeles Homeless Services Authority (LAHSA), a Joint Powers Authority (JPA) of the County of Los Angeles (County) and the City of Los Angeles (City), created in December 1993 to address homelessness in the region.

In February 2020, the Board directed the Chief Executive Office (CEO), Auditor-Controller (A-C), and County Counsel, in consultation with LAHSA and other relevant County Departments, to:

- 1) conduct an analysis of the current structure and function of LAHSA (in concert with the efforts underway in the City of Los Angeles); and
- 2) report back to the Board with findings and recommendations, including proposed modifications to improve the governance structure, performance, accountability, and transparency of LAHSA.

In September 2020, the Board further directed the CEO, in consultation with the A-C and County Counsel, to report back on:

- 1) actions, reviews, and audits undertaken by the A-C in response to a prior Board Motion of April 18, 2018, resulting in operational improvements by LAHSA to enhance performance and accountability;

- 2) any outstanding issues related to LAHSA's fiscal and contracting operations and/or data collection and management systems and corrective actions in each of these areas that are underway or pending; and
- 3) recommendations that include the exploration of alternative governance models or structures to administer and oversee homeless funds, programs, and services on behalf of the County in order to ensure optimal performance, transparency, and accountability.

An interim response to the February 2020 Board motion was provided on August 13, 2020. The response included an update on the formation of the Workgroup and review process.

An interim response to the September 2020 Board motion was provided on October 2, 2020. The interim response included a summary of actions, reviews, and audits undertaken by the A-C and the plan to review for any outstanding issues.

Review Process

The CEO convened a workgroup consisting of staff from the A-C and County Counsel. The Workgroup met regularly and developed a work plan to address the above deliverables of each Board motion. The Board directives of the February 2020 Board motion and directive number three of the September 2020 Board motion are fully addressed in this report. Under separate cover, the A-C responded to directives one and two of the September 2020 Board motion (Appendix I).

The Workgroup identified key elements necessary to conduct a thorough analysis of LAHSA's structure and function. These include:

- A review of documents related to LAHSA's structure and performance
- Interviews to solicit feedback on LAHSA's performance, function, and structure from various key stakeholders
- Collaboration with the City of Los Angeles and the LAHSA ad hoc Committee on Governance, including a review of reports developed
- Review of funding and its impact on LAHSA's function and structure
- Review of accountability and transparency mechanisms

The attached report and appendices address each of the above elements of the Workgroup's review, and consider independent reports produced by the A-C (Appendix 1) and the LAHSA Commission's Governance Consultant (Appendix II).

Additionally, jointly with the City and the LAHSA consultant, the workgroup participated in interviews with the LAHSA Lived Experience Advisory Board, philanthropic organizations, and the United States Department of Housing and Urban Development (HUD). The findings of those interviews are included in Appendix II, along with other interviews conducted by the LAHSA consultant.

Potential Modifications to Improve Governance and Operation of LAHSA

As reflected in the attached report and its appendices, there are a range of areas in which LAHSA's governance and operations could be enhanced, including contracting, communications, data, responsiveness, and accountability. To develop specific proposals for Board consideration, we recommend that the Board:

- Direct the Chief Executive Office and County Counsel, in consultation with the Auditor-Controller, to work collaboratively with the City of Los Angeles and the Los Angeles Homeless Services Authority (LAHSA) to develop proposed amendments to the LAHSA JPA Agreement, and submit an interim report to the Board in 90 days and a final report in 180 days.

A list of potential amendments to the JPA agreement are set forth in the Potential Actions section of the attached report, as well as potential actions that would not require amendments to the JPA agreement.

If you have any questions, please contact Phil Ansell, Homeless Initiative Director, at 213-974-1752 or by email at pansell@ceo.lacounty.gov.

FAD:JMN:TJM:
PA:LC:ab

Attachment

- c: Executive Office, Board of Supervisors
 County Counsel
 Auditor-Controller
 Los Angeles Homeless Services Authority

REVISITING THE LOS ANGELES HOMELESS SERVICES AUTHORITY'S STRUCTURE AND FUNCTION

February 2021

Report prepared by the CEO, Auditor-Controller, and County Counsel

REVISITING THE LOS ANGELES HOMELESS SERVICES AUTHORITY'S STRUCTURE AND FUNCTION

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Appendices:

Appendix I: Auditor-Controller Reports on LAHSA Reviews and Audits

Appendix II: Report on Governance by LAHSA Commission

Appendix III: May 2018 Memo- Strengthening the Accountability of Measure H funds

Introduction/Background

The passage of Measure H resulted in a significant influx of financial resources to support the homeless services delivery system in Los Angeles County (County). As the lead Continuum of Care (CoC) for the County responsible for coordinating housing and services funding for homeless families and individuals, the Los Angeles Homeless Services Authority (LAHSA) receives a significant portion of the County's funding to combat homelessness, including a majority of Measure H funding.

The Measure H ordinance incorporates oversight, accountability, and transparency. As such, there have been a series of audits and reviews of homeless funds to ensure their effective allocation and utilization. In April 2018, the Board of Supervisors (Board) directed the Chief Executive Office (CEO) and the Auditor-Controller (A-C) to take comprehensive steps to evaluate and enhance LAHSA's performance in relation to its fiscal and contracting operations and data management systems, and LAHSA has been the subject of various fiscal and operational reviews and audits which have identified opportunities for corrective action. However, in the time since LAHSA's creation, despite the infusion of resources to support the County's comprehensive plan to combat homelessness, the structure and function of LAHSA has not been comprehensively re-examined.

On February 11, 2020, the Board adopted a motion directing the CEO, A-C, and County Counsel, in consultation with LAHSA and relevant County Departments, to:

- 1) conduct an analysis of the current structure and function of LAHSA, in concert with the efforts underway by the City of Los Angeles (City); and
- 2) report back to the Board with findings and recommendations, including proposed modifications to improve the governance structure, performance, accountability, and transparency of LAHSA.

Similar motions were adopted by the Los Angeles City Council and the LAHSA Commission.

In September 2020, the Board further directed the CEO, in consultation with the A-C and County Counsel, to report back on:

- 1) actions, reviews, and audits undertaken by the A-C in response to the prior Board motion of April 18, 2018, resulting in operational improvements by LAHSA to enhance performance and accountability;
- 2) any outstanding issues related to LAHSA's fiscal and contracting operations and/or data collection and management systems and corrective actions in each of these areas that are underway or pending; and
- 3) recommendations that include the exploration of alternative governance models or structures to administer and oversee homeless funds, programs, and services on

behalf of the County in order to ensure optimal performance, transparency, and accountability.

An interim response to the February 2020 Board motion was provided on August 13, 2020. The response included an update on the formation of the Workgroup and review process. An interim response to the September 2020 Board motion was provided on October 2, 2020. The interim response included a summary of actions, reviews, and audits undertaken by the A-C and the plan to review any outstanding issues.

This final report includes the following to fully address the February and September 2020 Board Motions described above:

- Overview of LAHSA Joint Powers Authority (JPA) – Overview on JPA creation, current governance structure, and the process to implement changes to the governance and operational structure.
- Summary of Stakeholder Interviews – The Workgroup conducted interviews to solicit feedback on LAHSA's performance and any areas for improvement. Interviews were conducted with representatives from County Departments, Council of Governments/Cities of the Antelope Valley, and Homeless Service Providers. Additionally, the Workgroup participated in joint interviews with the City and the LAHSA Commission Consultant on Governance. A summary of these joint interviews with the LAHSA Lived Experience Advisory Board, philanthropic organizations, and the United States Department of Housing and Urban Development are included in Appendix II.
- Analysis of LAHSA performance over the most recent three-year period, conducted by the County's lead researcher on homelessness, Max Stevens of the County's Chief Information Office.
- Potential amendments to the LAHSA JPA Agreement and other potential changes to enhance LAHSA's governance and operational structure, performance, accountability, and transparency.

Additionally, this report includes three Appendices:

Appendix I – Reports by the A-C address directive number 2 of the above-referenced September 2020 Board Motion and provide a list of specific issues and corrective actions related to the 2018 assessment reviews conducted by the A-C on LAHSA's fiscal, contracting, and performance data reporting operations.

Appendix II – Report on LAHSA Governance and Structure developed by consultant Ann Oliva for the LAHSA Commission. This report includes a summary of joint interviews conducted by Ann Oliva, the County Workgroup, and the City with the LAHSA Lived Experience Advisory Board, philanthropic organizations, and the United States Department of Housing and Urban Development.

Appendix III - May 2018 CEO memo to the Board on strengthening the accountability of Measure H funds, developed in response to the April 2018 Board motion referenced above.

OVERVIEW OF LAHSA JOINT POWERS AUTHORITY

Creation of LAHSA

In 1993, the County and the City formed a Joint Powers Authority (JPA) to coordinate funds and services to address homelessness. An amendment in 1994 effectuated a name change from the Los Angeles Services Authority to the Los Angeles Homeless Services Authority, or "LAHSA". A second amendment in 2001 extended, slightly revised, and restated the initial agreement and remains the operative agreement today.

LAHSA's Current Governance Structure

Under the 2001 JPA Agreement, LAHSA's governing board is a commission (LAHSA Commission) composed of ten members. Five commissioners are appointed by the Board. The other five commissioners are appointed by the Mayor and confirmed by the City Council (Council). The County has traditionally appointed one commissioner per Supervisorial District, although this is not a requirement of the JPA Agreement. In addition, the JPA Agreement allows for one or more of the County and City appointments to be an elected official, but neither the County nor the City have appointed an elected official to date.

The LAHSA Commission generally holds one regular meeting on the fourth Friday of each month, but can hold additional special meetings, as necessary. The LAHSA Commission is subject to the Brown Act.

The LAHSA Commission's by-laws allow for the creation of standing and ad hoc committees to assist the Commission in its work. Examples of current standing committees include Programs & Evaluation, Finance, Contracts & Grants Management, Policy and Planning, and the Coordinated Entry System Policy Council. Examples of ad hoc committees include the Ad Hoc Committee on Black People Experiencing Homelessness, which identifies opportunities to increase racial equity within the homeless service delivery system, and the recently concluded Ad Hoc Committee on Women and Homelessness.

At the Commission meetings, the agenda is usually comprised of reports by the Executive Director and by the standing and ad hoc committees. The LAHSA Commission must also approve all contracts and expenditures over \$500 thousand, (including leases and other real estate transactions). The Executive Director has delegated authority to approve and execute contracts up to \$500 thousand. Action items are approved by a majority vote. (A majority of the total membership of the Commission, not counting unfilled seats, constitutes a quorum.)

LAHSA receives legal counsel from County Counsel and the City Attorney. In the event both are precluded from acting because of a conflict of interest or other legal impediment,

the Commission may employ independent counsel with the consent of the County and City, provided funds are available in the budget and have been allocated for this purpose.

Process to Implement Changes to the Governance and Operational Structure

The JPA Agreement may be modified by mutual consent of the parties with 30 days' written notice. Thus, any amendments must be approved by both your Board and the City Council. Amendments must be consistent with existing contracts and grants from the federal or State governments.

The JPA Agreement may be terminated unilaterally by either the County or the City with 180 days' written notice.

STAKEHOLDER INTERVIEWS – COUNTY DEPARTMENTS/AGENCIES

To solicit County stakeholder feedback on LAHSA's structure and function, the A-C conducted interviews with staff from seven County departments/agencies that have substantial interaction with LAHSA. The County departments/agencies included:

- Department of Children and Family Services
- Department of Health Services
- Department of Mental Health
- Department of Public Health
- Department of Public Social Services
- Workforce Development, Aging, and Community Services
- Los Angeles County Development Authority

The interviews with County stakeholders focused on soliciting feedback on LAHSA's performance and identifying any areas for improvement. The departments/agencies expressed several positive aspects of their partnerships with LAHSA, such as their willingness to collaborate and the dedication of LAHSA's staff. However, the departments/agencies also identified several areas of improvement where LAHSA could enhance performance. Below is a summary of the key improvement opportunities identified in our interviews with the departments/agencies.

Data Collection and Sharing

County stakeholders expressed the need for LAHSA to improve data collection and sharing, specifically as it relates to the Homeless Management Information System (HMIS), a database used to track client services. For example, LAHSA can improve by:

- Increasing HMIS access to departments/agencies providing homeless services.
- Having access to all homeless services data, such as data maintained by departments/agencies not captured within HMIS.
- Ensuring data relevant to County departments is captured accurately and timely.

The departments/agencies indicated that these improvements would lead to better coordinated services within the County.

Client Referral Process

County stakeholders expressed the need for LAHSA to improve the client referral process. Multiple departments/agencies indicated the current process is convoluted and needs to be streamlined to enhance the timeliness of client referrals. Departments/agencies also expressed that the current referral process underserves or does not prioritize a portion of the homeless population (i.e., those that do not have high acuity scores) and the process should be improved to ensure more equitable allocation of resources.

Staff Turnover

Multiple County departments/agencies identified challenges resulting from high staff turnover within LAHSA. For example, not having a steady workforce has resulted in delays communicating with and obtaining information from LAHSA staff. Departments/agencies expressed that reducing staff turnover and stabilizing LAHSA's workforce would improve performance by decreasing the recurring need to establish working relationships and enhance their overall partnerships with LAHSA.

LAHSA's Structure

Multiple County departments/agencies identified areas where LAHSA's current structure could be improved to enhance the effectiveness of homeless services. For example:

- The LAHSA Commission does not include equitable representation between the County and City, as the County provides more funding but has equal representation.
- LAHSA needs to clarify and deliver on their role as the lead policy maker, and their function as a Continuum of Care needs to be reexamined.

Departments/agencies also indicated the need for LAHSA to focus more on homeless services beyond housing, increase collaboration for specific groups, and increase focus on the needs of smaller cities within the County.

STAKEHOLDER INTERVIEWS – LOS ANGELES HOMELESS SERVICES AUTHORITY PROVIDERS

To solicit feedback on LAHSA's structure and function, the CEO, A-C, and County Counsel Workgroup conducted interviews with representatives from three of LAHSA's services providers: Homeless Outreach Program Integrated Care System, Jovenes, Inc., and Union Station Homeless Services. The interviews focused on soliciting feedback on LAHSA's performance and identifying areas for improvement. Overall, the providers identified two key areas for improvement, contracting and communication, as summarized below.

Contracting

The providers expressed a strong need for improvement in LAHSA's contracting operations which they indicated has historically been an issue. Specifically, the providers have experienced delays with the execution of their contracts, primarily due to significant errors made in the contracting documents prior to execution. Due to the errors, the contracts go back and forth between the providers and LAHSA multiple times before they are eventually finalized and executed. This results in delays to the providers' ability to invoice LAHSA for services already provided, which negatively impacts their operations.

Communication

The providers expressed the importance, and lack of, effective communication from LAHSA and the negative impact this has on their ability to work collaboratively. In addition, the providers indicated LAHSA should improve their ability to receive and synthesize provider input and feedback when making decisions that impact their operations and client services. The lack of internal communication between the various divisions within LAHSA also impacts providers' ability to operate effectively, causing providers to respond to multiple requests for the same information. This often results in inconsistent messaging to providers, requiring clarification which impacts their ability to operate efficiently.

STAKEHOLDER INTERVIEWS – COUNCILS OF GOVERNMENTS

To solicit feedback on LAHSA's structure and function from cities within the County, the CEO, A-C, and County Counsel Workgroup conducted interviews with representatives from six LA County Councils of Governments (COGs) and the two cities in the Antelope Valley (AV). The COGS/AV Cities included:

- Gateway Cities COG
- San Gabriel Valley COG
- Cities of the AV – Lancaster and Palmdale
- Westside COG
- San Fernando Valley COG
- Las Virgenes-Malibu COG
- South Bay Cities COG

The interviews with COGs/Cities of the AV focused on soliciting feedback on LAHSA's performance and identifying areas for improvement. Below is a summary of the key improvement opportunities identified in our interviews.

Communication

The COGs indicated there is a significant lack of communication from LAHSA in their individual cities. For example, some expressed they were unaware of LAHSA contractors providing services in their own cities and were unaware of beds available to house homeless clients in their service area. In addition to a lack of communication, the COGs indicated there are often inconsistencies with the information/messaging they receive from LAHSA. Overall, the COGs emphasized that communication needs to be significantly improved. They also indicated direct access to the LAHSA leadership team would result in improved service for their homeless population.

Accountability

Multiple COGs expressed LAHSA's general lack of accountability, and that LAHSA does not effectively serve the homeless population in their cities. In addition, COGs indicated LAHSA is often unclear about what their providers are doing.

Governance Structure

Multiple COGs expressed a need for change in LAHSA's governance structure to better serve their cities. For example, multiple COGs said the LAHSA Commission should be restructured to provide more representation and a stronger voice to the cities. In addition, LAHSA should decentralize their services to be more localized and community based.

Contracting

The COGs expressed the need for increased efficiencies with LAHSA's contracting operations. Specifically, multiple COGs indicated the time LAHSA takes to execute contracts is excessively long. In addition, the timelines for Requests for Proposals do not allow for sufficient time to respond and LAHSA should consider the time needed for cities to adequately prepare and submit proposals.

ASSESSING LAHSA'S PERFORMANCE OVER A PERIOD OF THREE YEARS

Los Angeles County
Chief Executive Office
Chief Information Office

Max Stevens, Ph.D.

BACKGROUND

This brief provides an abbreviated assessment of the Los Angeles Homeless Services Authority (LAHSA's) performance in the period from Fiscal Years (FYs) 2017-18 through 2019-20. The examination focuses on three homeless services areas:

- ✓ Clients served, as measured by new enrollments with LAHSA;
- ✓ Permanent housing placements;
- ✓ Interim housing placements.

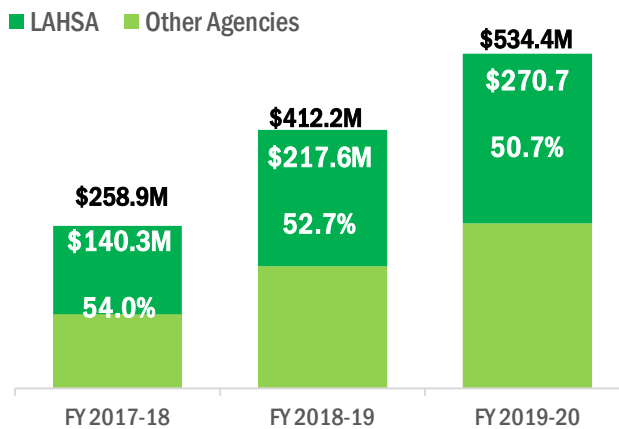
The three-year assessment period includes the first three years of Measure H. In each of these three years, as shown in Figure 1, at least half of the revenues generated by Measure H were allocated to Los Angeles County Homeless Initiative (HI) strategies for which LAHSA is the lead or co-lead agency.

KEY FINDINGS

Clients Served. Enrollment records in the Homeless Management Information System (HMIS) dating back to FY 2016-17 suggest that LAHSA has responded to the growth of the homeless population *and* the availability of Measure H resources by significantly expanding the services they provide.

- The number of clients opening new enrollments with LAHSA increased notably in each of the first two years of Measure H and the count recorded for Year Two was 22 percent higher than in the baseline year before the beginning of Measure H.

FIGURE 1
MEASURE H ALLOCATIONS, FY 2017-18 to FY 2019-20



- The onset of the COVID-19 pandemic in March 2020 had far-reaching implications for the homeless services system and explains the 17.3 percent decline in clients opening new enrollments in FY 2019-20, Year Three of Measure H.

Permanent Housing Placements. LAHSA recorded successively higher numbers of permanent housing placements in all three assessment years, although growth slowed after the first-time infusion of Measure H dollars in FY 2017-18.

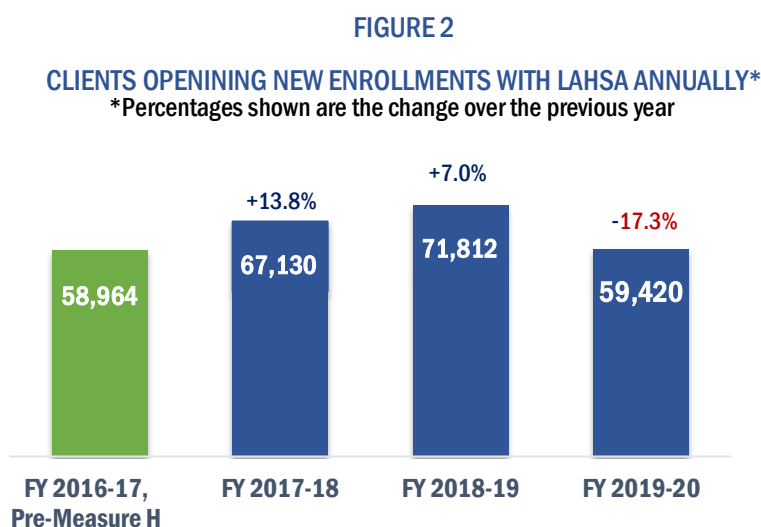
Interim Housing and the Point-in-Time Homeless Count. Over the three-year observation period, LAHSA played a leading role in a coordinated Countywide effort to strengthen the emergency shelter system. LAHSA's annual Point-in-Time (PIT) homeless count results between 2017 and 2020 suggest some of the impacts of the agency's work in this area:

- Between 2018 and 2020, the overall count grew by 26 percent, but the sheltered portion grew by close to 38 percent, which suggests an effect of the time and resources invested in strengthening the emergency shelter system over this period.
- LAHSA's total interim housing placements in the second year of observation increased 51 percent from the baseline total recorded in the last year before Measure H.
- With the onset of the COVID-19 pandemic in FY 2019-20, providers operating congregate shelters were compelled to reduce their occupancy to meet imposed safety standards. This had a particularly profound impact on the Measure H-funded portion of LAHSA's interim-housing placements, which fell by a third for the year.
 - Much of this decline, however, was offset by a 69.4 percent increase in LAHSA's Non-Measure H interim housing placements, inclusive of persons sheltered through Project Roomkey, which resulted in an overall annual decrease of only 1.2 percent from the previous year's tally.

1. CLIENTS SERVED ANNUALLY

Annual counts of individual clients served by LAHSA over the three-year observation period offer a view of LAHSA's deployment of an expanding pool of resources in the face of an intensifying homelessness crisis.

- The number of clients newly-enrolled in LAHSA services increased significantly in the first two years of Measure H. The second year total (71,812) was close to 22 percent higher than the pre-Measure H baseline total (59,964, Figure 2).



- The increase in newly-enrolled clients over the first two assessment years is encouraging though not unexpected given the infusion of Measure H dollars and the 11.7 percent increase in LAHSA's 2019 PIT count, relative to the previous year.
- The onset of the coronavirus pandemic in the fourth quarter of the third and final year observed here, FY 2019-20, explains the 17.3 percent decline in clients with newly-opened LAHSA enrollments.¹

- The enrollment growth in the first two years suggests, in general, that LAHSA successfully expanded the provision of services in response to an expanding homeless population and the availability of new resources to help meet growing demand.²

A more difficult question is the degree to which the observed increases in newly-enrolled clients in the first two years of Measure H represent the optimization of the resources available to LAHSA. Addressing this issue would require more intensive and elaborate analysis.

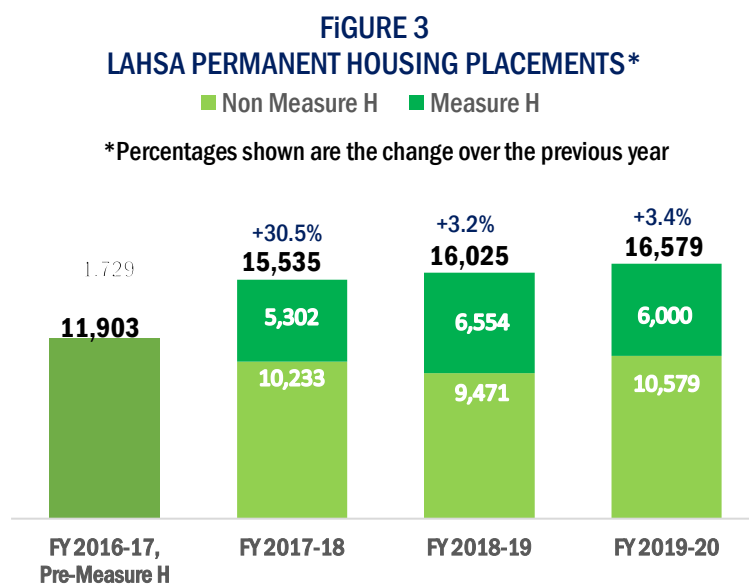
¹ Please note that clients with newly-opened enrollments are not limited to first-time clients. Clients who exit the homeless services system in FY 2017-18 and re-enroll in 2018-19 will be counted as newly-enrolled in FY 2018-19. Clients are not counted as newly-enrolled more than one time per year, but they are counted as newly-enrolled if they carry over a previous enrollment into a new year and then either exit and re-enroll or transition from one service enrollment to another.

² It should be noted, however, that Measure H is one of multiple sources funding LAHSA's operations. Unfortunately, we are unable to more precisely quantify how much of the enrollment increase over two years can be attributed to various funding sources because enrollment records in HMIS cannot be uniformly broken down by those representing services funded and not funded through Measure H.

2. PERMANENT HOUSING PLACEMENTS

In examining permanent and interim housing placements, we have the advantage of information that, to varying degrees, enables placements to be attributed to Measure H and non-Measure H funding sources.

- Total Permanent housing placements grew in all three years of observation, though growth slowed considerably in the second and third year.
- The first-time infusion of Measure H dollars in FY 2017-18 led to an expected spike in permanent housing placements recorded for the year. Specifically, \$42 million in revenues was allocated to LAHSA in connection with the HI's Rapid Re-housing (RRH) strategy, which created a 30 percent increase in LAHSA's permanent placements in comparison with the previous pre-Measure H baseline year (Figure 3).
- Measure H allocations to LAHSA in connection with the HI's RRH strategy grew from \$42 million in FY 2017-18 to \$57.7 million in FY 2018-19, an increase of 37.4 percent, and LAHSA placements associated with the strategy grew by 23.6 percent. However, LAHSA's annual permanent housing placements funded by sources other than Measure H declined by 7.4 percent.
- The reverse occurred in FY 2019-20, Year Three of Measure H, when LAHSA's non-Measure H funded placements grew by 11.7 percent, while the agency's Measure H placements shrank by 8.5 percent.
- In Year Three of Measure H, the agency's total permanent housing placements for the year, regardless of funding source, was 6.7 percent higher than the total recorded in Year One.



LAHSA's three-year permanent placement results are difficult to evaluate without recourse to qualifications and caveats because the budgetary information required to examine the non-Measure H placements in relation to the non-Measure H funding LAHSA allocated to permanent housing is not readily available. Additionally, although they are largely beyond the purview of the homeless services system, housing and land scarcity must be considered in assessing LAHSA's three-year permanent housing placement performance. The development of a methodology, or the appropriation of one already developed, to specifically quantify the impact of an inadequate housing supply on LAHSA's placement performance would permit a more definitive evaluation.³

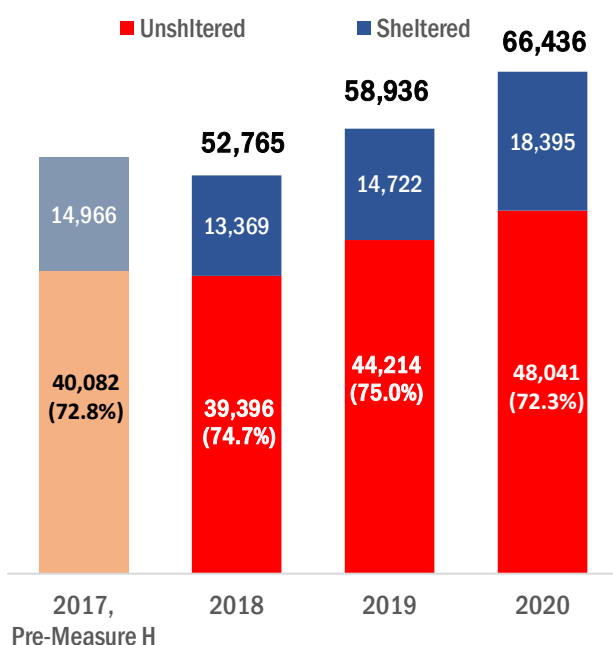
³Efforts to identify or develop such a methodology will benefit from a review of LAHSA's 2020 Systems Analysis, which can help contextualize the agency's annual permanent housing placements relative to the housing supply and demand:

3. INTERIM HOUSING PLACEMENTS

Over the three-year observation period, LAHSA played a leading role in a coordinated effort to strengthen the emergency shelter system, which is one of the signature accomplishments of the County's strategic approach to the homelessness crisis. LAHSA's annual PIT counts between 2017 and 2020 suggest some of the impacts of this effort.

- In proportional terms, as shown in Figure 4, the unsheltered portion of the PIT count was smaller by 2.4 percentage points in 2020 relative to 2018 and was roughly equal to the unsheltered share of the baseline 2017 count.

FIGURE 4. PIT HOMELESS COUNT RESULTS SINCE 2017



- Over a two-year window, between 2018 and 2020, the overall count grew by 26 percent, but the sheltered portion grew by close to 38 percent, from 13,369 to 18,295.
- The total count grew by 12.7 percent between 2019 and 2020, but the sheltered portion grew by 25 percent whereas the unsheltered portion only grew by 8.7 percent.
- The unsheltered share of the population was no larger in 2020 than in 2017. This proportional stability is likely an effect of the resources invested in strengthening the shelter system over this period.

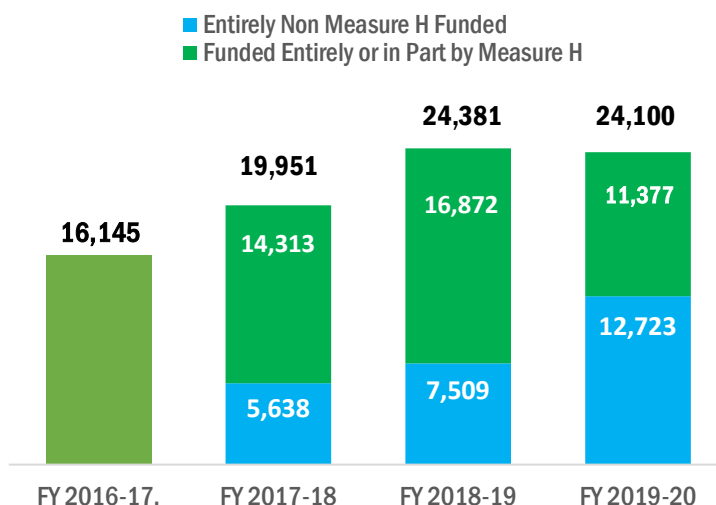
- LAHSA is to be commended for its part in administering the bulk of the interim housing services that resulted in the unsheltered segment of the homeless population growing more slowly than the homeless population overall.

When gauged against LAHSA's three-year permanent housing placement results, the agency's interim placement performance over the same period is more consistent, though the ability to place persons in interim housing is not affected to the same degree by the housing and land scarcities discussed above.

https://homelessness.usc.edu/wp-content/uploads/sites/2/2020/06/LAHSA-06.20_homeless-services-system-analysis-envisioning-an-optimal-system-in-los-angeles-copy.pdf

- In Year One of Measure H, FY 2017-18, \$52.8 million in Measure H revenues were allocated to LAHSA for interim housing, helping boost placements by roughly 24 percent relative to interim housing placements recorded in the pre-Measure H baseline year (Figure 5).
- Measure H allocations to LAHSA for permanent housing increased by 37.4 percent in FY 2018-19, as noted above, while allocations to the agency for interim housing increased by 26.3 percent over the same period.⁴ However, while LAHSA's Year Two interim placements almost replicated the growth in placements observed in Year One, the agency's Year Two permanent housing placements grew by only 3.2 percent, falling from the 30 percent growth observed in Year One relative to the Pre-Measure H baseline.

FIGURE 5.
LAHSA ANNUAL INTERIM HOUSING PLACEMENTS



In Year One and Year Two, 69 percent and 72 percent of LAHSA's interim housing placements respectively were funded either entirely or in part with Measure H revenues. The bulk of the placements funded with Measure H dollars over these two years were in congregate settings.

- With the onset of the COVID-19 pandemic in FY 2019-20, providers operating congregate facilities were compelled to significantly de-compress their occupancies and the Measure H-funded portion of LAHSA's interim-housing placements consequently fell by a third for the year.
- Much of this decline, however, was offset by a 69.4 percent increase in LAHSA's Non-Measure H interim housing placements, inclusive of persons sheltered through Project Roomkey, which reduced the agency's overall annual total by only 1.2 percent from the previous year's tally.

⁴ In FY 2017-18, \$1.8 Million in Measure H funding associated with the HI's bridge housing strategy for persons exiting institutions and \$51 Million associated with the HI's strategy to expand and strengthen the shelter system were allocated to LAHSA, adding up to a total of \$52.8 million in Measure H interim housing funds allocated to LAHSA overall. In FY 2018-19, \$5.1 million in Measure H bridge housing funds and \$61.6 million in Measure H shelter system funds totaled to \$66.7 million Measure H interim housing funding allocated to LAHSA, which represented an increase of 26.3 percent.

4. SUMMARY

A broader assessment of LAHSA's overall homeless services performance – one that evaluates the agency's results based on the size of the population in need of services in relation to the resources available – would require methods and criteria for evaluating homeless services delivery that have not yet been developed. In the absence of such methods, however, the available data shows that LAHSA recorded successively larger permanent housing placement totals in each of the three years considered here. Due largely to the Coronavirus public health emergency, new LAHSA services enrollments declined in the third year of the observation period. The agency's interim housing placements also grew in each of the first two years and, despite the impact of the pandemic on Measure H-funded interim placements, LAHSA's overall annual placement total decreased only slightly in the third year. Additionally, LAHSA deserves credit for its leadership in the countywide effort to strengthen the emergency shelter system. The proportional growth of the sheltered share of LAHSA's PIT homeless count suggests that this effort and LAHSA's administration of the majority of interim housing providers in the County have accomplished their stated objectives.

POTENTIAL CHANGES

The various individuals and organizations consulted in the development of this report and the CEO, A-C, and County Counsel Workgroup identified a number of potential changes which may improve LAHSA's governance and operational structure, performance, accountability and transparency. These potential changes are divided between those that would require amendments to the JPA Agreement and those that do not.

Potential Amendments to the JPA Agreement

- Change or expand representation on the LAHSA Commission by:
 - Increasing County representation;
 - Adding representation from other cities; and/or modeling the LAHSA Commission after other entities such as the Los Angeles County Metropolitan Transportation Authority.
- Modify LAHSA operations by:
 - Altering LAHSA's scope of work to include clearer expectations and accountability;
 - Requiring more frequent reporting on financial activities; and/or
 - Creating a structure to coordinate LAHSA-funded services in each Service Planning Area.

Other Potential Changes

- The County could shift any portion of the Measure H and/or other County funding currently administered by LAHSA to a new or existing County Department. On May 10, 2018, the CEO submitted a report to the Board regarding this option in relation to Measure H (Appendix IV to this report).
- Departments/agencies that provide homeless services could be directed to use LAHSA's HMIS to enhance the collection and sharing of data.
- The CEO and A-C will continue to work with LAHSA to ensure County-funded contracts/amendments with sub-recipients are executed in a timely manner once funding is approved.
- The LAHSA Commission could establish ad hoc committees, with representatives from COGs and LAHSA service providers, to develop mechanisms to ensure consistent, complete, and timely communication to all stakeholders.
- Departments and LACDA will continue to work with LAHSA to improve client referral processes.



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February 5, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H –
CONTRACTING OPERATIONS ASSESSMENT REVIEW (REPORT #X18703) - FIRST
FOLLOW-UP REVIEW (September 1, 2020, Board Agenda Item 19)**

On September 1, 2020, the Board of Supervisors instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C) and County Counsel, to report back on exploring new governance models to improve accountability and oversight of homeless funds. Item 2 of the motion included a request to report back on any outstanding issues related to the Los Angeles Homeless Services Authority's (LAHSA) fiscal and contracting operations and/or data collection and management systems, and corrective actions in each of these areas that are underway or pending.

On October 2, 2020, the CEO submitted a report back, which indicated the A-C would conduct follow-ups of their prior reviews to determine whether there are outstanding issues in any of the areas indicated above. Attached are the results of our follow-up review of LAHSA's Contracting Operations Assessment Review dated June 25, 2018 (Report #X18703). As summarized in Table 1, LAHSA fully implemented six recommendations and partially implemented two recommendations to enhance controls over their contracting operations. LAHSA should continue working with the County to fully implement the two outstanding recommendations to further enhance the effectiveness and efficiency of their Contracting Operations.

Table 1 - Results of First Follow-up Review

PRIORITY RANKINGS	TOTAL RECOS	RECOMMENDATION IMPLEMENTATION STATUS		
		FULLY IMPLEMENTED	OUTSTANDING RECOMMENDATIONS	
			PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	5	3	2	0
PRIORITY 2	2	2	0	0
PRIORITY 3	1	1	0	0
TOTAL	8	6	2	0
		2		

Board of Supervisors
February 5, 2021
Page 2

Attachment I provides details of our review and LAHSA's corrective actions. Our review consisted of an examination of LAHSA's description of actions taken, the relevant documents and supporting evidence provided by the Agency, as well as inquiry and discussion with responsible LAHSA personnel. Our follow-up review did not constitute an "audit" and did not include testing of assertions for verification purposes.

We thank LAHSA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Terri Kasman at tkasman@auditor.lacounty.gov.

AB:OV:PH:TK:JH:tw

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Heidi Marston, Executive Director, Los Angeles Homeless Services Authority

LOS ANGELES COUNTY
AUDITOR-CONTROLLER

Attachment I
Page 1 of 4

Peter Hughes
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Terri Kasman
DIVISION CHIEF

COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X21704

LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H –
CONTRACTING OPERATIONS ASSESSMENT REVIEW (REPORT #X18703)
FIRST FOLLOW-UP REVIEW

	RECOMMENDATION	A-C COMMENTS
1	<p>Priority 1 - Los Angeles Homeless Services Authority (LAHSA or Agency) management evaluate current contracting processes/operations to identify streamlining opportunities to ensure sub-recipient contracts and necessary amendments are executed before the contract period begins.</p> <p>Original Issue/Impact: LAHSA did not execute contracts with their sub-recipients timely. As a result, LAHSA's sub-recipients continued providing services without having an executed contract in place, which caused delays in the Agency's ability to process, approve, and issue payments to sub-recipients. Retroactive contracting also poses a significant liability to the contracted providers, LAHSA, and the County.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA management identified streamlining opportunities and made enhancements to their contracting operations. For example, LAHSA implemented Contract Logix in 2018, a document management system that replaced LAHSA's manual contract database, and also established multi-year contract terms for their sub-recipient contracts to reduce their contracting workload.</p> <p>However, the Agency must still amend the contracts annually to establish new budget amounts since the majority of LAHSA's own funding is approved on an annual basis. As a result, we identified 226 (56%) out of LAHSA's 406 required amendments were executed retroactively during Fiscal Year (FY) 2020-21, and 162 (40%) were still pending execution as of January 7, 2021. LAHSA management attributed the delays to the expansion of services and funding challenges caused by the COVID-19 pandemic. To address the funding challenges that are impacting their contracting operations, LAHSA management indicated they intend to work with their funding sources to explore and pursue other funding models.</p> <p>In addition, to further enhance their contracting operations, LAHSA indicated they are in the process of implementing additional enhancements, such as a full grant lifecycle management system that will replace Contract Logix (as mentioned below in Issue 3), and a Procurement Modernization Plan that will expedite the contract application and awards process. LAHSA plans to implement these enhancements to further streamline the contracting process and prevent retroactive contracts by July 2021, should their COVID-19 mitigation efforts permit.</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>2 Priority 1 - LAHSA management assess the possibility of establishing multi-year contract terms for their sub-recipients where appropriate.</p> <p>Original Issue/Impact: LAHSA's contracts were executed for a maximum term of one year, requiring the Agency to execute contract amendments annually, which significantly increased the workload of contracting staff. Management indicated that this had always been LAHSA's standard practice since the Agency's funding sources have historically required approval on an annual basis. However, some of LAHSA's funding sources allowed for multi-year contract terms.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA management implemented multi-year contract terms for all sub-recipient contracts. Having active multi-year contracts ensures the continuum of services and helps reduce the workload of contracting staff. It should be noted that LAHSA must still amend their contracts annually to establish new budget amounts, as mentioned above in Issue 1. According to LAHSA, budgets must continue to be amended annually since the majority of their own funding is not continuous and is approved on an annual basis.</p>
<p>3 Priority 1 - LAHSA management ensure their new automated contract management information system gets fully implemented to ensure accurate and complete information is maintained to enhance management oversight of their contracting operations.</p> <p>Original Issue/Impact: At the time of our review, LAHSA used Microsoft Excel spreadsheets to manually track their sub-recipient contracts. However, the spreadsheets were often missing necessary information, such as the contract execution dates, and/or the information was not always accurate. In addition, LAHSA's manual tracking system did not have the ability to alert users of items that require attention or follow-up, such as when contracts approach expiration. Not adequately tracking the different phases and statuses of each contract can result in execution delays and retroactive contracting.</p> <p>To address these issues, LAHSA management indicated they had purchased a new automated contract management information system, which was expected to be fully implemented by December 2018.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA management fully implemented their new contract management system, Contract Logix in 2018, and updated their Contracts and Grants Management Policies and Procedures to reflect changes associated with the new system. As a result, LAHSA enhanced oversight of their contracting operations by using the new system to track key contract information, such as whether a contract is pending, executed, or expiring within 60 days. To further enhance their contracting operations, LAHSA indicated they plan to implement a Grant Management System that will replace Contract Logix, as mentioned above in Issue 1. According to LAHSA, the new system will have the functionality of Contract Logix as well as enhanced functions such as budgeting, internal and external communications, and monitoring.</p>
<p>4 Priority 1 - LAHSA management ensure that a sole evaluation committee is assigned to review and score all proposals submitted for each solicitation/contract award.</p> <p>Original Issue/Impact: LAHSA does not use a sole evaluation committee to evaluate the proposals submitted for Request For Proposal (RFP) solicitations, which could result in inconsistencies in final scoring. To ensure a consistent process for</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA implemented the use of sole evaluation committees for RFPs where five or fewer proposals are received and when proposers are in direct competition with each other (i.e., competing for services within the same Service Planning Area). Otherwise, LAHSA uses multiple evaluation teams to address concerns with evaluator fatigue, as indicated in their response to our review. Although</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
evaluating proposals, LAHSA should establish one evaluation committee for each solicitation/contract award.	LAHSA may still utilize multiple evaluation teams, the Agency further enhanced their RFP evaluation process by implementing the use of the County's Informed Averaging Method to ensure RFPs are evaluated in the most fair, objective, and comprehensive manner, as mentioned below in Issue 8.
<p>5 Priority 1 - LAHSA management continue to assess their contracting staffing needs to ensure that staffing levels are sufficient to meet workload demands.</p> <p>Original Issue/Impact: At the time of our review, LAHSA had completed a FY 2017-18 Agency-wide staffing assessment. However, the assessment did not sufficiently address LAHSA's anticipated increase in workload for their contracting operations due to increases in Measure H funding. Insufficient staffing to meet workload demands can affect LAHSA's ability to execute contracts timely, which could impact their sub-recipient's ability to provide critical client services.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA hired a consulting firm to assess their contracting operations, which included an assessment of staffing levels needed to meet anticipated workload demands. However, although LAHSA's assessment addressed the expected increases in workload, it did not include a contingency plan to address extraordinary circumstances, such as the COVID-19 pandemic, which according to LAHSA had more than doubled their contracting workload. To fully implement our recommendation, LAHSA indicated they will continue to assess their staffing levels and workload (including the impact of COVID-19), in conjunction with implementing the enhancements mentioned above in Issue 1 to prevent retroactive contracts/amendments.</p>
<p>6 Priority 2 - LAHSA management explore other methods of advertising competitive solicitations to increase competition and ensure that services are being provided by the most qualified providers, and update any policies and procedures as necessary.</p> <p>Original Issue/Impact: During our review, we noted instances where LAHSA awarded contracts to a sole proposer for the services being solicited, which may have resulted from a lack of advertising. At the time, LAHSA's practice was to advertise their solicitations on their website and through an e-mail list of potential providers. However, due to the lack of responses, the Agency should explore other methods of advertising their solicitations to increase competition and ensure services are provided by the most qualified providers.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA explored and utilized additional methods for advertising solicitations. Specifically, LAHSA provided documentation to demonstrate the use of new advertising methods, such as utilizing social media, to increase outreach and enhance competition.</p>
<p>7 Priority 2 - LAHSA management revise their policy to ensure that a minimum of three evaluators with subject matter expertise are used to evaluate the technical components of an RFP.</p> <p>Original Issue/Impact: At the time of our review, LAHSA's policy required a team of at least two</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA revised their policies and procedures to require a minimum of three programmatic/technical evaluators for each RFP. In addition, LAHSA provided examples of recent RFP</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>evaluators to review and score the programmatic/technical components of an RFP. However, given the inherent subjectivity of the process, LAHSA should increase the number of evaluation committee members to at least three to enhance the objectivity and fairness of the evaluation process.</p>	<p>evaluations in which we confirmed the Agency utilized three evaluators.</p>
<p>8 Priority 3 - LAHSA management explore other evaluation methods, such as the County's Informed Averaging Method, to ensure that RFPs are evaluated in the most fair, objective, and comprehensive manner, and update any policies and procedures as necessary.</p> <p>Original Issue/Impact: LAHSA used a consensus scoring methodology for evaluating the programmatic/technical components of an RFP. While this is a known scoring method that offers the benefit of a group discussion to address any errors or misunderstandings, it does not take into account the unique perspective of each individual evaluator. This can result in a single evaluator significantly influencing a committee's deciding score.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA explored other evaluation methods and implemented the County's Informed Averaging Method for evaluating the Agency's RFPs in July 2018. The Informed Averaging Method is the County's best practice method for scoring and evaluating competitive solicitations which requires that evaluators independently review and score each proposal, meet as a group to discuss, then based on the discussions, individually determine if they wish to modify any scores for final compilation. In addition, we reviewed LAHSA's RFP Procedures and Quality Review Instructions Manual and confirmed the Agency updated their policies and procedures to reflect using the Informed Averaging Method for all of their RFPs.</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.

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.



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February 9, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H –
PERFORMANCE DATA VALIDATION AND LIMITED INTERNAL CONTROLS REVIEW
(REPORT #X19706) - FIRST FOLLOW-UP REVIEW (September 1, 2020, Board
Agenda Item 19)**

On September 1, 2020, the Board of Supervisors instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C) and County Counsel, to report back on exploring new governance models to improve accountability and oversight of homeless funds. Item 2 of the motion included a request to report back on any outstanding issues related to the Los Angeles Homeless Services Authority's (LAHSA or Agency) fiscal and contracting operations and/or data collection and management systems, and corrective actions in each of these areas that are underway or pending.

On October 2, 2020, the CEO submitted a report back which indicated the A-C would conduct follow-ups of their prior reviews to determine whether there are outstanding issues in any of the areas indicated above. As such, we have completed a follow-up review of LAHSA's Performance Data Validation and Limited Internal Controls Review dated August 26, 2020 (Report #X19706). As summarized in Table 1, LAHSA fully implemented three recommendations and partially implemented one recommendation to enhance controls over their performance data reporting. LAHSA should fully implement the one outstanding recommendation to further enhance and improve the reporting of their Measure H performance outcomes.

Table 1 - Results of First Follow-up Review

PRIORITY RANKINGS	TOTAL RECOS	RECOMMENDATION IMPLEMENTATION STATUS		
		FULLY IMPLEMENTED	OUTSTANDING RECOMMENDATIONS	
			PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	2	1	1	0
PRIORITY 2	1	1	0	0
PRIORITY 3	1	1	0	0
TOTAL	4	3	1	0
		1		

Attachment I provides details of our review and LAHSA's corrective actions. Our review consisted of an examination of LAHSA's description of actions taken, the relevant documents and supporting evidence

Board of Supervisors
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Page 2

provided by the Agency, as well as inquiry and discussion with responsible LAHSA personnel. Our follow-up review did not constitute an "audit" and did not include testing of assertions for verification purposes.

We thank LAHSA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Terri Kasman at tkasman@auditor.lacounty.gov.

AB:OV:PH:TK:JH:tw

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Heidi Marston, Executive Director, Los Angeles Homeless Services Authority

LOS ANGELES COUNTY
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Attachment I
Page 1 of 2

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COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X21705

LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H –
PERFORMANCE DATA VALIDATION AND LIMITED
INTERNAL CONTROLS REVIEW (REPORT #X19706)
FIRST FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 - Los Angeles Homeless Services Authority (LAHSA or Agency) management establish a review process to ensure adequate documentation for their reported performance data is appropriately maintained and readily available upon request.</p> <p>Original Issue/Impact: LAHSA was initially unable to provide supporting documentation (e.g., detailed list of clients served) for six of the eight Homeless Initiative – Measure H Strategies (Strategies) during our review of their July through December 2018 performance data. According to LAHSA management, this was due to issues with the software used to convert data from their Homeless Management Information System (HMIS), a database used to track client services, into a usable format. Specifically, LAHSA could not re-generate the requested detailed reports due to the software issues, and could not locate the past generated reports that were used due to staff turnover within their Data Management Department.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA established a process to ensure adequate documentation for their performance data is appropriately maintained. The process includes saving point-in-time data files when LAHSA submits performance data, which in turn can be used to generate detailed supporting documentation. We also confirmed LAHSA's ability to generate supporting documentation upon request by reviewing a sample of reports (i.e., detailed lists of clients served) to support their performance data submitted for July through September 2020.</p>
<p>2 Priority 1 - LAHSA management:</p> <p>a) Develop written standards and procedures that adequately guide the data collection and entry into HMIS process.</p> <p>b) Establish a review process to ensure the procedures are appropriately followed and program services are accurately reported.</p> <p>Original Issue/Impact: LAHSA did not always accurately report the performance data for their Strategies, which resulted in an overstatement of program outcomes. The Agency attributed the inaccuracies to various factors, such as HMIS input errors, the need for additional training for service providers and standardized processes.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA developed and implemented written standards and procedures to guide their data collection and review process. Specifically, LAHSA developed and implemented a comprehensive Data Management Policies and Procedures (Policies) manual. We reviewed the Policies and confirmed it included detailed procedures for LAHSA's performance data collection, review, and reporting processes. However, the updated Policies do not include data collection and entry standards at the service provider level. To fully implement our recommendation, LAHSA should develop written standards and procedures to adequately guide their service providers in collecting and inputting data into HMIS.</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>3 Priority 2 - LAHSA management fully implement their HMIS Data Quality Plan (Plan) to ensure their performance data is reliable, accurate, and complete.</p> <p>Original Issue/Impact: LAHSA maintains HMIS, a system also used by their contracted agencies to track client services. During our review LAHSA had not yet fully implemented a quality control plan to ensure data in the system is reliable, accurate, and complete. Specifically, we noted procedures in LAHSA's existing Plan that were not always in effect, which increased the risk of inaccurate and/or incomplete data not being identified timely.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA enhanced and implemented their Plan to ensure data from HMIS is reliable, accurately reported, and complete. Specifically, we reviewed LAHSA's updated Plan and confirmed it included additional procedures for detecting data quality errors timely. In addition, we reviewed a sample of documents for updated elements of the Plan to confirm the procedures were implemented. For example, we reviewed reports that LAHSA staff use to monitor data for specific programs to identify any data errors or red flags. We also confirmed that the updated Plan was distributed to all data management staff on June 30, 2020.</p>
<p>4 Priority 3 - LAHSA management implement a review process to ensure performance data is accurately inputted into quarterly reports.</p> <p>Original Issue/Impact: Our review of LAHSA's supporting documentation for their July 2018 through June 2019 performance data identified minor data input errors in the quarterly report templates submitted to the Chief Executive Office. According to LAHSA management, the data was manually transferred into the established quarterly report templates and the discrepancies were due to clerical error. Although this generally resulted in minor understatements of program outcomes, LAHSA should implement a review process to reduce the risk of inaccurately reporting their performance data.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA implemented a multi-level review process to ensure performance data is accurately recorded into quarterly reports. Specifically, we reviewed the procedures and confirmed they include data verification steps, such as confirming a copy of the raw data used is saved and available, the data is accurately recorded into reporting templates, and the accuracy of mathematical computations.</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.

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.



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PETER HUGHES
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February 18, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H – FISCAL OPERATIONS ASSESSMENT REVIEW (REPORT #X18602) - SECOND FOLLOW-UP REVIEW (September 1, 2020, Board Agenda Item 19)**

On September 1, 2020, the Board of Supervisors instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C) and County Counsel, to report back on exploring new governance models to improve accountability and oversight of homeless funds. Item 2 of the motion included a request to report back on any outstanding issues related to the Los Angeles Homeless Services Authority's (LAHSA or Agency) fiscal and contracting operations and/or data collection and management systems, and corrective actions in each of these areas that are underway or pending.

On October 2, 2020, the CEO submitted a report back which indicated the A-C would conduct follow-ups of their prior reviews to determine whether there are outstanding issues in any of the areas indicated above. Attached are the results of our second follow-up review of LAHSA's Fiscal Operations Assessment Review dated April 3, 2018 (Report #X18602). We reviewed the status of the eight Priority 1, four Priority 2, and four Priority 3 recommendations that had not been fully implemented in our first follow-up report issued June 4, 2018.

As summarized in Table 1, LAHSA fully implemented ten recommendations and partially implemented six recommendations to enhance controls over their Fiscal Operations. LAHSA should fully implement the six outstanding recommendations to further enhance the effectiveness and efficiency of their Fiscal Operations.

Table 1 - Results of Second Follow-up Review

RECOMMENDATION IMPLEMENTATION STATUS					
PRIORITY RANKINGS	TOTAL RECOS OUTSTANDING	EXEMPT FROM REVIEW	FULLY IMPLEMENTED	FINAL OUTSTANDING RECOMMENDATIONS	
				PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	8	0	7	1	0
PRIORITY 2	4	0	3	1	0
PRIORITY 3	4	0	0	4	0
TOTAL	16	0	10	6	0
				6	

Board of Supervisors
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Attachment I provides details of our review and LAHSA's corrective actions. Our review consisted of an examination of LAHSA's description of actions taken, the relevant documents and supporting evidence provided by the Agency, as well as inquiry and discussion with responsible LAHSA personnel. Our follow-up review did not constitute an "audit" and did not include testing of assertions for verification purposes.

We thank LAHSA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Terri Kasman at tkasman@auditor.lacounty.gov.

AB:OV:PH:TK:JH:tw

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Heidi Marston, Executive Director, Los Angeles Homeless Services Authority

**LOS ANGELES COUNTY
AUDITOR-CONTROLLER**

**Attachment I
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Peter Hughes
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COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X21706

**LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H – FISCAL
OPERATIONS ASSESSMENT REVIEW (REPORT #X18602)
SECOND FOLLOW-UP REVIEW**

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 - Los Angeles Homeless Services Authority (LAHSA or Agency) management immediately complete a comprehensive Agency-wide staffing assessment, including determining the cause for their high staff turnover, and develop a comprehensive staffing plan to address the short and long-term staffing needs of the Agency. In addition, LAHSA management ensure they standardize the method for completing their staffing analyses, including using clear methodologies that are supported with documentation, to ensure that adequate staffing levels are maintained.</p> <p>Original Issue/Impact: At the time of our review, LAHSA did not have appropriate staffing levels within their Finance Department to meet their current or anticipated workload, and did not provide documentation to support that a comprehensive Agency-wide staffing assessment was completed to determine the appropriate level of staffing needed to properly operate the Agency's growing operations. The lack of adequate staffing can impact LAHSA's and their sub-recipients' ability to provide critical client services.</p> <p>After our review, LAHSA provided their Fiscal Year (FY) 2017-18 Staffing Analysis, but did not develop a standardized method for completing their staffing analyses that clearly identified the methodologies used in developing their FY 2017-18 staffing plan, or the methodologies they plan to use to assess subsequent short and long-term staffing needs.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA completed a comprehensive staffing assessment to determine the appropriate staffing levels needed for their operations. Specifically, LAHSA implemented a comprehensive internal business planning process, which includes a standardized method for completing a staffing analysis for each LAHSA department. The staffing analysis is based on various factors, such as a department's projected workload and strategic priorities. In addition, LAHSA's staffing levels within their Finance Department significantly improved since our initial review and the Agency's Finance Department was more than 90% staffed as of December 2020.</p> <p>It should be noted that for their contracting operations, LAHSA must still improve their staffing levels to meet workload demands, as detailed in our Contracting Operations Assessment Follow-up Review issued on February 5, 2021.</p>
<p>2 Priority 1 - LAHSA management evaluate current contracting processes/operations to identify streamlining opportunities to ensure contracts with the funding sources and their sub-recipients are executed on time as required.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA management identified streamlining opportunities and made enhancements to their contracting operations. For example, LAHSA implemented Contract Logix in 2018, a document management system that replaced</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>Original Issue/Impact: LAHSA did not execute contracts with their sub-recipients timely. As a result, sub-recipients continued providing services without having an executed contract in place which caused delays in LAHSA's ability to process, approve, and issue payments to sub-recipients. Retroactive contracting also poses a significant liability to the contracted providers, LAHSA, and the County.</p>	<p>LAHSA's manual contract database, and also established multi-year contract terms for their sub-recipient contracts to reduce their contracting workload.</p> <p>However, the Agency must still amend the contracts annually to establish new budget amounts since LAHSA's own funding is approved on an annual basis. As a result, LAHSA still had contracts/ amendments that were pending execution as of December 2020, as detailed in our Contracting Operations Assessment Follow-up Review. LAHSA management attributed this to the expansion of services and funding challenges caused by the COVID-19 pandemic.</p> <p>To further enhance their contracting operations, LAHSA indicated they are in the process of implementing additional enhancements, such as a Grant Management System, a full grant lifecycle management system that will replace Contract Logix, and a Procurement Modernization Plan that will expedite the contract application and award process. LAHSA plans to implement these enhancements to further streamline the contracting process and prevent retroactive contracts by July 2021.</p>
<p>3 Priority 1 - LAHSA management explore options with banking institutions for obtaining a line of credit/revolving fund, and/or re-evaluate and discuss options with their funding sources, such as allowing billing for accruals, increasing frequency and limits of cash advance requests, and allowing for multiple reimbursement claims on an as needed basis, that would allow the Agency access to cash on a short-term basis. In addition, LAHSA management ensure that all cash advances are properly accounted for in their accounting records, and optimize their cash flow by utilizing all available cash advances from their funding sources and ensuring that reimbursement claims are submitted timely.</p> <p>Original Issue/Impact: At the time of our review, LAHSA did not have adequate cash flow to pay their sub-recipients timely. The Agency did not submit reimbursement claims to their funding sources until after the sub-recipient invoices were processed and approved and as a result, LAHSA indicated they did not have funding reserves or other resources, such as a line of credit, to pay their sub-recipients until they</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA improved their cash flow to pay their Measure H sub-recipients timely once they had received invoices for reimbursement. The Agency received approximately \$82.5 million in Measure H cash advances from the Chief Executive Office (CEO) in FY 2020-21, which they properly accounted for in their accounting records, and can now make supplemental cash requests to the CEO to reduce the processing time for paying their sub-recipients. As a result, the average time for LAHSA to pay their sub-recipients decreased from approximately 41 days in September 2018 to approximately eight days in September 2020, as indicated below in Issue 6.</p> <p>It should be noted that as mentioned in our Contracting Operations Assessment Follow-up Review, LAHSA had contract amendments that were executed retroactively in FY 2020-21, which impacted their sub-recipients' ability to submit timely invoices for reimbursement.</p>

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RECOMMENDATION	A-C COMMENTS
received payments from their funding sources. A lack of adequate cash flow impacts the timeliness of payments to sub-recipients, which may also impact the ability to provide critical client services.	
<p>4 Priority 1 - LAHSA management ensure they are maximizing their options for cash advances from funding sources by identifying all funding sources that allow for cash advances and tracking all cash advances requested and received.</p> <p>Original Issue/Impact: LAHSA did not provide documentation to demonstrate that they took full advantage of requesting and obtaining all available cash advances from their funding sources, which could negatively impact the Agency's cash flow. Specifically, LAHSA did not identify all funding sources that allow for cash advances and did not maintain a record of all cash advance requests made/received. In addition, our June 4, 2018 follow-up review identified approximately \$3 million in available cash advances that were not requested.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA developed a log used to identify all funding sources that allow for cash advances and adequately tracked the amount of advances requested and received. In addition, we confirmed LAHSA maximized their use of cash advances by reviewing their log, which indicated they had requested all advances that were available and unrestricted, including advances from the County and City of Los Angeles.</p>
<p>5 Priority 1 - LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure that reimbursement claims to the funding sources are initiated timely and submitted within established due dates. In addition, LAHSA management should work with the CEO to re-negotiate the terms of their Operating Agreement (OA) to allow the Agency to submit their reimbursement claims on an as needed basis to enhance cash flow.</p> <p>Original Issue/Impact: LAHSA did not always submit reimbursement claims to their funding sources by the established due dates. For Measure H, LAHSA's OA with the CEO requires invoices to be submitted within 30 days after the claim period.</p> <p>The delays were caused by LAHSA's manual processes, which hindered the Agency's efficiency in their fiscal operations and ultimately impacted the timeliness of payments to sub-recipients.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA developed updated procedures, such as the use of a Cash Request Log, to track claims sent to their funding sources for reimbursement. We also confirmed LAHSA tracked the timeliness of their reimbursement claims by reviewing their Cash Request Logs for FYs 2019-20 and 2020-21. In addition, we confirmed LAHSA can now submit as-needed supplemental reimbursement claims to the CEO to enhance cash flow.</p>
<p>6 Priority 1 - LAHSA management improve controls and oversight of the Accounts Payables (A/P) function by strengthening procedures to ensure payments to sub-recipients are paid timely by identifying who will be responsible for following-up on aging A/P.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA improved controls and oversight of their A/P function to pay sub-recipients timely. For example, LAHSA implemented new software for sub-recipient invoicing to improve</p>

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RECOMMENDATION	A-C COMMENTS
<p>Original Issue/Impact: LAHSA did not always pay their sub-recipients timely, which impacted their cash flow and the ability to provide client services. In addition, after our initial review, we noted that LAHSA's sub-recipients were still not always paid timely even though the Agency initiated a 7-day pay process to improve the timeliness of their sub-recipient payments. Specifically, we reviewed a sample of ten Measure H sub-recipient payments made in February and March 2018, and noted that all ten (100%) were paid after the Agency's targeted seven days, of which four (40%) were paid after the required 30 days.</p>	<p>controls and strengthen their A/P process and allocated additional staff to their A/P function. As a result, LAHSA significantly improved the average time to process and pay their sub-recipients. Specifically, we reviewed LAHSA's internal reports that track the timeliness of their sub-recipient payments and confirmed that LAHSA reduced the average time to pay their sub-recipients from approximately 41 days in September 2018 to approximately eight days in September 2020. Although LAHSA did not specifically meet their original 7-day pay process goal, the Agency implemented our recommendation by improving controls and oversight of their A/P function to significantly improve the timeliness of sub-recipient payments.</p> <p>It should be noted that as mentioned in our Contracting Operations Assessment Follow-up Review, LAHSA had contract amendments that were executed retroactively in FY 2020-21, which impacted their sub-recipients' ability to submit timely invoices for reimbursement.</p>
<p>7 Priority 1 - LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure they follow-up on their aged Accounts Receivables (A/R) timely.</p> <p>Original Issue/Impact: LAHSA did not always follow-up on their aged A/R timely. This impacted LAHSA's ability to receive revenue timely, which could lead to delays in paying their sub-recipients.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA developed and implemented updated procedures to follow-up on aged A/R timely. Specifically, we reviewed the Agency's A/R Aging Action Plan which indicated a specific follow-up process that is initiated once a receivable is past due.</p>
<p>8 Priority 1 - LAHSA management provide adequate oversight of key fiscal functions.</p> <p>Original Issue/Impact: LAHSA management did not always provide adequate oversight over key fiscal functions, which led to operational inefficiencies. As previously indicated, LAHSA did not always maintain adequate staffing levels and follow-up on aged receivables and payables timely.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA filled and maintained additional key positions (e.g., supervisors and managers) in their Finance Department to enhance oversight of key fiscal functions. In addition, LAHSA implemented key fiscal recommendations, such as recommendations 3 through 7 identified in this review.</p>
<p>9 Priority 2 - LAHSA management re-evaluate their current review and approval processes to improve efficiency and reduce the time required to process all of their transactions.</p> <p>Original Issue/Impact: LAHSA's review/approval process for payments to sub-recipients required up to</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA revised their approval thresholds to streamline the sub-recipient cash advance request and invoice processes. Specifically, we reviewed LAHSA's updated policy indicating they reduced the number of approvers</p>

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RECOMMENDATION	A-C COMMENTS
<p>five levels of review depending on the dollar amount of the payment, resulting in inefficiencies and delays that could impact their sub-recipients' cash flow and ability to provide client services.</p>	<p>required from five to two and the Agency indicated their sub-recipient invoicing system reflects the updated processes. As a result, the average time for LAHSA to pay their sub-recipients significantly decreased, as mentioned above in Issue 6.</p> <p>It should be noted that as mentioned in our Contracting Operations Assessment Follow-up Review, LAHSA had contract amendments that were executed retroactively in FY 2020-21, which impacted their sub-recipients' ability to submit timely invoices for reimbursement.</p>
<p>10 Priority 2 - LAHSA management re-evaluate their review and approval processes for preparing and submitting the reimbursement claims to the funding sources.</p> <p>Original Issue/Impact: LAHSA's reimbursement claims to their funding sources required five levels of review and approval regardless of the reimbursement request type and/or amount. Having excessive layers of approval could result in delays in submitting reimbursement claims and receiving cash from LAHSA's funding sources.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA revised their approval thresholds to streamline the reimbursement claims process. Specifically, we reviewed LAHSA's updated policy indicating they reduced the number of approvers required from five to two and the Agency implemented updated procedures to reflect the new approval process. As a result, LAHSA improved the timeliness of submitting their reimbursement claims, as mentioned above in Issue 5.</p>
<p>11 Priority 2 - LAHSA management provide adequate oversight to ensure that responsible individuals are clear on their roles and responsibilities.</p> <p>Original Issue/Impact: LAHSA did not provide adequate management oversight to ensure that finance staff had a clear understanding of their roles and responsibilities and were aware of who was responsible for certain functions. Having unclear roles and responsibilities may negatively impact LAHSA's ability to operate efficiently and effectively.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA developed a comprehensive Fiscal Operations Manual (Manual) to ensure finance staff were clear on their roles and responsibilities. In addition, we reviewed the Manual and confirmed it included detailed procedures for various functions within LAHSA's Finance Department. However, as mentioned below in Issue 16, LAHSA has not yet finalized the Manual. To fully implement our recommendation, LAHSA should ensure the Manual is finalized, reviewed and approved by management, and issued to the appropriate staff.</p>
<p>12 Priority 2 - LAHSA management establish and use a centralized file that identifies each of the subrecipients' contract requirements.</p> <p>Original Issue/Impact: Sub-recipients' cash advance requests and invoices were not always processed timely due to improper coding or incomplete documentation required by LAHSA, which delayed payments and negatively impacted the sub-recipients cash flow. At the time of our initial review, LAHSA's Finance Department did not have a</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed LAHSA established a centralized reference file to identify their sub-recipients' contract requirements for cash advance requests and invoices. The file is used to assist staff in ensuring required documents have been submitted and transactions were coded accurately. We also confirmed LAHSA populated the centralized reference file by reviewing screenshots identifying</p>

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RECOMMENDATION	A-C COMMENTS
central reference file that identified the contract requirements for each sub-recipient that could assist staff in ensuring the required documents have been submitted and transactions were coded accurately.	separate files for each of LAHSA's sub-recipient contracts.
<p>13 Priority 3 - LAHSA management implement a quality assurance process to periodically evaluate internal business operations and its effectiveness to ensure compliance with internal controls, internal policies and procedures, and contract requirements.</p> <p>Original Issue/Impact: LAHSA did not have an internal quality assurance process to evaluate their business operations' internal controls, compliance with internal policies and procedures, and/or compliance with contract requirements. The risk for errors, fraud, abuse, non-compliance, and/or other operational weaknesses/inefficiencies increases when an organization does not have an effective quality assurance process in place to evaluate and monitor their internal operations.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed LAHSA established an Internal Auditing Unit (IAU) to periodically evaluate their internal business operations. However, IAU's Annual Risk Assessment and Audit Plan (Audit Plan), which identifies the scope and frequency of their internal audit reviews, has not been updated since FY 2018-19. LAHSA's Audit Plan should be reviewed annually and updated as necessary. In addition, as of December 2020, IAU had not issued an audit report since July 2019. LAHSA attributed these issues to staff shortages within IAU.</p> <p>To fully implement our recommendation, LAHSA should ensure they fully staff their IAU, update their Audit Plan annually, and issue timely audit reports to ensure proper oversight of their internal business operations. LAHSA plans to fully implement this recommendation by June 2021.</p>
<p>14 Priority 3 - LAHSA management ensure that more than one employee can perform key job functions by cross-training staff.</p> <p>Original Issue/Impact: As mentioned above, due to high turnover in their Finance Department and staff shortages, the remaining staff had to take on additional responsibilities outside of their assigned job functions. However, Finance Department staff voiced concerns that they had little or no cross-training to perform the additional duties. Without adequate guidance from management and proper cross-training of staff, the Agency's work product could be negatively impacted and create a backlog of assignments.</p>	<p>Recommendation Status: Partially Implemented</p> <p>As previously mentioned, we confirmed LAHSA developed a Manual that includes detailed procedures for various functions within LAHSA's Finance Department. In addition, we reviewed the Manual and confirmed it identifies the primary and secondary staff who are responsible for and can perform key fiscal functions.</p> <p>However, the Manual still needs to be finalized and approved, as mentioned below in Issue 16. To fully implement our recommendation, LAHSA needs to finalize and approve the Manual, and ensure staff are adequately cross trained to perform key functions as indicated in the Manual. LAHSA plans to fully implement this recommendation by June 2021.</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>15 Priority 3 - LAHSA management should review and update the existing fiscal policies and procedures manual to include critical fiscal processes and reflect updated practices that are/should be in place, and ensure staff are in compliance with the established policies and procedures.</p> <p>Original Issue/Impact: LAHSA's fiscal policies and procedures manual was missing critical fiscal processes and had not been updated to reflect current actual practices since August 2016, which could result in internal control weaknesses and inconsistencies with fiscal procedures. In addition, LAHSA management did not always ensure compliance with existing fiscal policies and procedures, which could also result in internal control weaknesses, organizational inefficiencies, and risk of non-compliance with contract requirements.</p>	<p>Recommendation Status: Partially implemented</p> <p>As previously mentioned, LAHSA developed a comprehensive Manual, which we confirmed replaced LAHSA's outdated fiscal policies and procedures manual. In addition, we reviewed the Manual and confirmed it includes critical fiscal processes and reflects updated procedures that are currently in practice.</p> <p>However, as mentioned below in Issue 16, LAHSA has not yet finalized the Manual. To fully implement our recommendation, LAHSA should ensure the Manual is finalized, reviewed and approved by management, and issued to the appropriate staff. LAHSA plans to fully implement this recommendation by June 2021.</p>
<p>16 Priority 3 - LAHSA management develop a comprehensive Fiscal Operations Manual for each position that includes step-by-step procedures for all assigned duties to ensure compliance with proper internal controls and to help standardize processes.</p> <p>Original Issue/Impact: LAHSA did not have a comprehensive fiscal operations manual, which was referenced in their fiscal policy and procedures manual. The lack of a comprehensive fiscal operations manual can lead to internal control weaknesses, improper processing of financial transactions, and organizational inefficiencies.</p>	<p>Recommendation Status: Partially Implemented</p> <p>As previously mentioned, we confirmed LAHSA management developed a comprehensive Manual that included detailed procedures for various functions to help standardize processes within LAHSA's Finance Department. However, although the Manual includes updated procedures to guide LAHSA's fiscal operations, LAHSA is still actively updating the Manual and therefore, it has not been finalized and approved by LAHSA management. To fully implement our recommendation, LAHSA should ensure the Manual is finalized, reviewed and approved by management, and issued to the appropriate staff. LAHSA plans to fully implement this recommendation by June 2021.</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.

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Report on Governance for the Los Angeles Homeless Services Authority

To: Wendy Greuel, Chair, LAHSA Commission
Sarah Dusseault, Chair, Ad-Hoc Committee on Governance
Heidi Marston, Executive Director

From: Ann Oliva, Visiting Senior Fellow, Center on Budget and Policy Priorities

Date: February 24, 2021

Re: Governance Report

Attachment: Report on LAHSA Governance Submitted to the LAHSA Commission

Thank you for the opportunity to work with LAHSA to review and recommend ways to strengthen LAHSA's governance structure. Attached please find a final report that describes the process and recommendations developed over the last several months of work with you, your team and community stakeholders. This version includes minor changes that provide additional detail related to key recommendations. I look forward to discussing the final report with the LAHSA Commission later this week.

As you know, part of the knowledge I brought to this project was my experience working to end homelessness at both the national level and in communities like San Diego, King County, Houston and the District of Columbia. I have had the opportunity to see first-hand how governance structures for homelessness assistance systems are designed and how they actually operate in real world circumstances. This knowledge, along with the stakeholder interviews I conducted as part of this process, informed the recommendations developed for this report. Each community I have worked with has had their own unique conditions and players - but it is clear that the homelessness services ecosystem in Los Angeles is particularly complex both politically and structurally. The recommendations contained in the report reflect that complexity.

LAHSA is already in the process of implementing key operational improvements and is well positioned to implement the LAHSA-specific governance recommendations related to the Commission, Continuum of Care Board, Coordinated Entry System Policy Council, Lived Experience Advisory Board and workgroups. However, LAHSA cannot solve the challenges being faced by the homelessness system and the people it serves alone.

Implementation of the recommendations related to the system as a whole will be, as one of my interviewees indicated, a heavy lift and will require buy-in and sustained commitment from City and County elected leaders in order to be successful. My own experience in communities indicates that having an elected leader act as the champion for this effort will help to create the engagement and momentum needed to move it forward. Additionally, City and County partners – including mainstream systems and affordable housing developers that manage key resources outside of LAHSA's control - must fully participate in a comprehensive system-level approach that guides the work of all stakeholders for collective impact and transformational change towards ending homelessness.

I hope the submission of this report contributes to the positive change LAHSA and its stakeholders seek. Please feel free to contact me with any questions or if I can be helpful as you move towards implementation of these recommendations.



LOS ANGELES HOMELESS SERVICES AUTHORITY: REPORT ON GOVERNANCE

FEBRUARY 2021

(REVISED FEBRUARY 24, 2021)

SUBMITTED TO THE LAHSA COMMISSION AND THE
AD-HOC COMMITTEE ON GOVERNANCE

Prepared by Ann Oliva

Visiting Senior Fellow, Center on Budget and Policy Priorities

**Los Angeles Homeless Services Authority: Report on Governance
February 2021 (Revised)**

Executive Summary

The LAHSA Commission formed an *Ad-Hoc Committee on Governance* in February 2020 to review the current structures that govern LAHSA's operations, policy development and relationships with key partners across the region, and to develop recommendations on how roles and responsibilities may be better defined to improve accountability for housing and services to people experiencing homelessness in Los Angeles. Two major factors drove the need for a governance review:

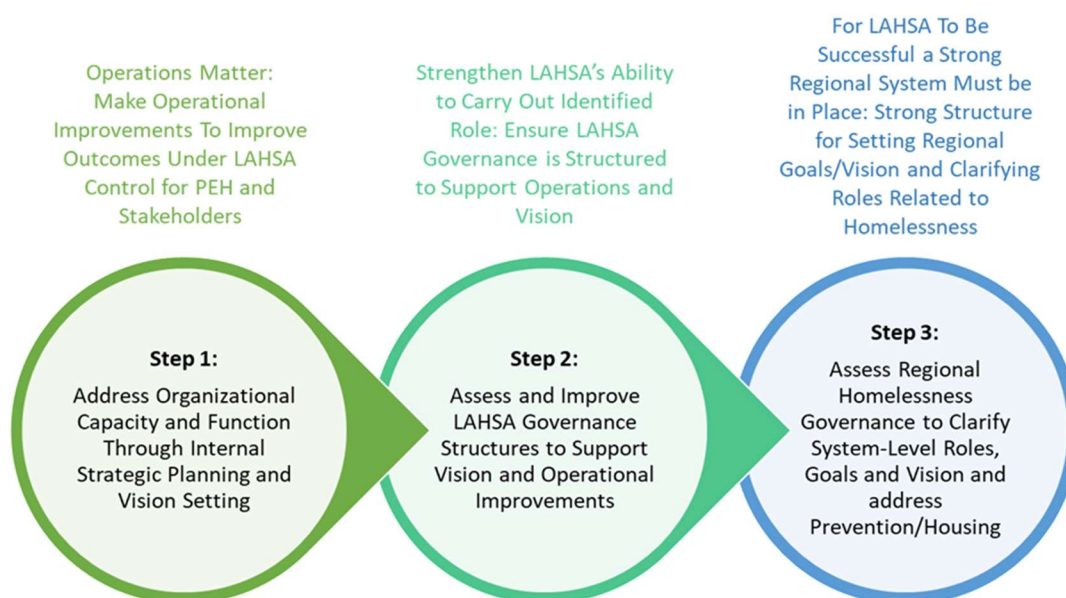
- 1) **LAHSA is evolving from acting as a *grants administrator* for the homelessness system to being a *system administrator*** – a role that is critically needed in the region. However, neither its current governance structure nor the Joint Powers Agreement (JPA) fully support this role. LAHSA's work is largely dictated by the City and County of Los Angeles, neither of which delegate full decision-making power on homelessness/re-housing assistance to LAHSA. This complex governance dynamic often puts LAHSA in the center of high-level policy and funding differences without the independence or authority to mediate issues. As a result, LAHSA has become a target of criticism or blame on issues outside of its actual span of control.
- 2) **LAHSA has seen unprecedented growth over the last five years** - over \$709 million dollars (728%) in budget growth and an increase of 338 staff (252%). Even with the sizable growth in staff, the organization is not fully resourced for or aligned with its level of responsibility for the federal, state, City, County and private funding sources it manages. These capacity and functional challenges can result in frustration for LAHSA staff and external partners. However, LAHSA is in the process of actively addressing these challenges through implementation of its strategic plan and operational improvements. Ensuring that its governance structure supports the changes being made to its operations is key to long-term success.

The process for developing recommendations included in this report included of a review of documents provided by the Committee regarding LAHSA's governance structure and legal requirements, interviews with community stakeholders (see page 5 for details), and a review of governance models developed and used in other systems or geographic areas.

Summary of Recommendations

As an organization and critical part of the homelessness response system in Los Angeles, LAHSA is taking the steps necessary to strengthen its operations and governance structures. However, these steps alone will not address the challenges faced by the region – issues including an increased inflow into homelessness, lack of a cohesive regional vision and goals, and an affordable housing shortage contribute to homelessness and are not within LAHSA's span of control. Strengthening the region's overall homelessness response could be accomplished through a three-step approach that includes strengthening LAHSA's operations and governance, but also conducting an assessment of regional governance and making changes that support a true system-level approach to ending homelessness and increased accountability for those entities that control related systems and resources.

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While this report focuses on LAHSA governance as illustrated in Step 2 of the graphic, the completion of Steps 1 and 3 are key to LAHSA's success and to the success of the community in ending homelessness in Los Angeles. Strengthening operational capacity and performance (completing Step 1) will build trust in LAHSA as the system administrator. Clarifying roles and streamlining/ strengthening LAHSA's governance structures (Step 2) will improve the organization's ability to receive and use information from the field, connect with elected leaders, and make strong policy and funding decisions.

Step 3, however, could be transformational. Building on the improvements made in Steps 1 and 2, Step 3 could build a true systems-level approach, placing LAHSA as system administrator in the proper position and providing it with the authority and flexibility necessary to be successful. This includes the ability to develop and implement policy as well as utilize flexible funding approaches to better meet the needs of people experiencing homelessness and the organizations that serve them. Flexible funding - especially from the City/County as part of the implementation of a shared vision, goals and metrics - could also create operational efficiencies in the contracting process and support the shift from a predominantly compliance-based approach to a collective action approach at the system level.

Specific recommendations include:

- 1) LAHSA should **complete the implementation of operations changes as described in the organization's strategic plan**, many of which are already underway. Because so many of the challenges described by interviewees were, in fact, operational in nature (rather than governance related), it is imperative that LAHSA quickly implement needed structural changes to orient itself towards its role as system administrator. Priority areas include contracting and procurement, communications, implementation of equity practices in alignment with the recommendations made by the *Ad-Hoc Committee on Black People Experiencing Homelessness*, partnering with people with lived expertise, and establishing more direct connections with subregional leaders.

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February 2021 (Revised)**

- 2) LAHSA should establish role clarity and streamline key governance bodies. Each governance-related body or workgroup should have a clear purpose and authority and fulfill a strategic purpose for the system as a whole.
- LAHSA should work with **the LAHSA Commission, the Continuum of Care Board, the Coordinated Entry System Policy Council, and the Lived Experience Advisory Board to establish clarity** as to when they have decision-making authority, when they are acting in an advisory capacity, and when they are workgroups making recommendations on specific policy/program areas.
 - The **Regional Homelessness Advisory Council (RHAC) no longer serves its originally intended purpose, and therefore is recommended to be dissolved** after the process to map and document roles and responsibilities for the four priority groups discussed above is complete. A communications strategy for current RHAC members should be developed and implemented as part of the process for successfully disbanding the group.
 - A full analysis of existing workgroups and committees created as part of the LAHSA Commission, the Continuum of Care, the RHAC, and the City and County should be conducted in order to understand any overlap or conflicting mandates and workflows. **Extraneous workgroups should then be dissolved and membership in newly created or existing workgroups should be reviewed** to ensure that they are comprised of appropriate subject matter experts, including people with lived expertise.
 - This analysis/mapping is an opportunity to work with current (HUD or other) technical assistance (TA) providers to streamline the number of groups working on overlapping or similar topics and to be strategic about the use of workgroups. This process should be closely coordinated with the organization's strategic plan implementation work. A four step process would provide the information and consensus needed to execute this recommendation.
 - (1) LAHSA should identify any regulatory or other legal requirements that workgroups fulfill so they can be accounted for in the analysis.
 - (2) LAHSA staff should identify workgroups that it convenes/manages/participates in, including those workgroups convened as part of the Commission, the CoC or CES Policy Council. Through its own process, LAHSA can identify the information needed from other workgroup conveners to begin mapping and streamlining these functions.
 - (3) With the assistance of TA providers, LAHSA should identify key leaders across the system who also convene workgroups on the issue of homelessness, and provide a standard format for these partners to identify each workgroup, its purpose, legal authority, frequency and members.
 - (4) LAHSA should convene a meeting of its partners at the City of Los Angeles, County of Los Angeles, the CoC Board, the CES Policy Council and the RHAC to produce a system workgroup map, identify areas where workgroups can be combined or streamlined, review workgroup membership with an equity lens, determine next steps for making proposed changes (based on the existing authority for each group) and communicating to stakeholders.

**Los Angeles Homeless Services Authority: Report on Governance
February 2021 (Revised)**

- **The role of both the Commission and its members can be immediately clarified and changes can be made to build a stronger connection between the Commission and elected officials,** including the City Council. Recommended actions include:
 - Create position descriptions for LAHSA commissioners and officers, including expectations of the positions.
 - Develop a characteristics, skills and expertise matrix to aid elected officials in the selection of Commissioners when filling an open seat. Specifically address diversity, inclusion and representation by people of color and people with lived expertise.
 - Work with Mayor's Office and City Council to develop a process for filling/confirming City of Los Angeles seats in the future.
 - Create a formal mechanism to address sub-regional planning, policy and resources. For example, create an ad-hoc committee or other process that includes City/County/regional leaders designed to specifically develop strategies to include other subregions and cities in system coordination.
- Although this report generally recommends fewer bodies/workgroups with clearly defined roles and authority, it is also sometimes necessary to fill gaps in order to successfully execute a strategic vision. Currently, there is no body that includes key elected officials to assist LAHSA in administering the system and troubleshooting challenges that arise across political boundaries. Therefore, it is recommended that LAHSA work with **key elected officials (City and County) with jurisdiction over homelessness assistance resources to create a homelessness-specific planning group** to convene regularly while the system-level work (described below) is in development. This will quickly engage important decision-makers to address urgent challenges and lay the groundwork for a regional, system-level approach. Community models for engaging elected leaders include:
 - In 2020 the City of San Diego implemented a Leadership Council on homelessness that includes the Mayor of San Diego, the Chair of the County Board of Supervisors, a City Council member and the CEO of the Housing Commission along with key lived expertise representation, philanthropic and business leaders, and the Continuum of Care to support the efforts of ending homelessness across jurisdictional boundaries. ([City of San Diego Community Action Plan on Homelessness](#), p.36)
 - The King County Regional Homelessness Authority (KCHRA) engages with elected leaders - including the Mayor of Seattle, the County Executive, members of the City and County Councils and members of the [Sound Cities Association](#) – via a Governance Board that works with representatives with lived expertise to support regional efforts to end homelessness led by the KCHRA. ([King County Homelessness Governing Board](#))

3) Support System Administration and Develop System-Wide Vision and Goals

Leaders in the homelessness community, including key elected officials, **should undertake a system-level review to identify goals/vision for the system as a whole, clarify public and private sector roles, and tie LAHSA's work to its key partners within mainstream and affordable housing systems** that intersect with homelessness. It is therefore important that LAHSA be included as a partner along with the City and County as the review is conducted and a new system-level approach is developed. This review be comprised of at least the following components:

- An assessment of all public and private regional governance structures (including legal agreements) that impact homelessness.

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- Identification of a City/County/LAHSA mechanism to develop a robust system approach to ending homelessness in Los Angeles through development of shared goals and vision to drive decision-making and resource allocation.
- A review of LAHSA's legal authority to determine if LAHSA has sufficient independence and decision-making authority to carry out its responsibilities as the system administrator or for its role as determined through the system-level assessment and establishing a process for making changes as needed.

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I. Introduction and Purpose

The LAHSA Commission formed an *Ad-Hoc Committee on Governance* (the Committee) in February 2020 based on its authority through the Joint Powers Agreement that allows for governance review every five years. The Committee is charged with reviewing the current structures that govern LAHSA's operations, policy development and relationships with key partners across the region, and for developing recommendations on how roles and responsibilities may be better defined to improve accountability for housing and services to people experiencing homelessness in Los Angeles. Its members include Commissioners Dusseault (Committee Chair), Greuel, Sauls, Farkas and Muro.

Several inter-related actions led to the formation of the Committee. LAHSA's internal strategic planning process (underway since 2018) assisted the staff and leadership of the organization to clarify its vision and LAHSA's role within the larger homelessness ecosystem of Los Angeles (see Figure 1). LAHSA is also

LAHSA is a System Administrator

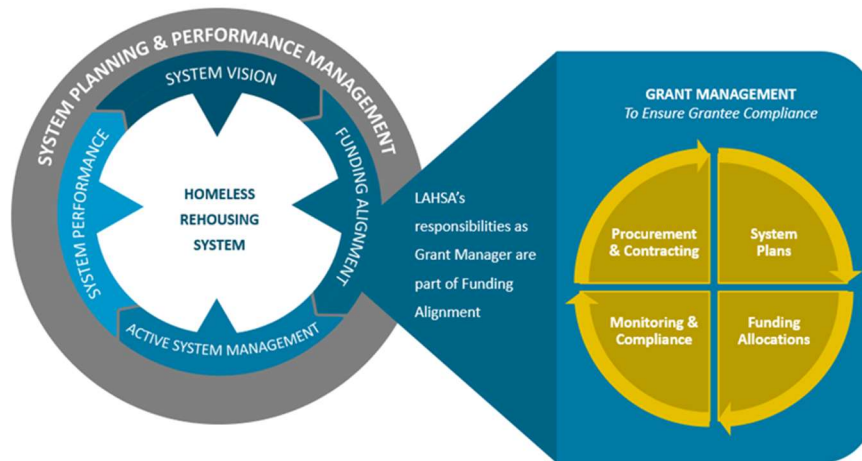


Figure 1: LAHSA's Role Within the Regional Homelessness Ecosystem

in the process of shifting internal operating structures to support that vision and role. In light of this work and the challenges discovered, the Commission formed the *Ad Hoc Committee on Governance* and encouraged partnership in this effort at both the County and City. Supervisors Barger and Solis directed the CEO, the Auditor-Controller, and County Counsel to conduct a thorough analysis of LAHSA's governance structure and to return with recommendations. City Council President Martinez also introduced a motion to examine governance of the homeless services system. The *Ad-Hoc Committee on Governance* was designed to consider each of these processes and develop its own recommendations to strengthen the organization and advance the goal of ending homelessness in Los Angeles.

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LAHSA's Role in Homeless Services

LAHSA was formed in December of 1993 by the Los Angeles County Board of Supervisors and the Los Angeles Mayor and City¹ Council in response to litigation between the City of Los Angeles and Los Angeles County pertaining to jurisdictional responsibility for addressing homelessness. It was created as an independent, joint powers authority and was designed to become the agency responsible for responding to homelessness across the region. LAHSA oversight is conducted by its Commission, which is comprised of 10 commissioners, half appointed by the County Supervisors and half by the Mayor of Los Angeles with the confirmation of the City Council.

A number of factors have made it difficult for LAHSA to fully fulfill its intended role. While it has performed well in its federally recognized role as the lead agency for the Los Angeles Continuum of Care² (which covers the City of Los Angeles and much of the County), neither the City nor the County ever fully delegated decision-making power on homelessness/re-housing assistance to LAHSA. LAHSA also does not control – appropriately so – the mainstream systems that often exit people into homelessness or that serve people with physical or behavioral health issues who are also experiencing homelessness, nor does it control affordable housing production. This complex dynamic has made LAHSA accountable to multiple and sometimes conflicting institutions, with a limited ability to govern itself due to the terms of the Joint Powers Agreement.

This dynamic began to change when voters passed Measure H and Proposition HHH in 2016/2017, funding a badly needed expansion of homeless services and supportive housing aligned to a coordinated City and County strategy that prioritized a housing-first model. While the funding was key, the passing of these measures most importantly kept governments and providers united towards a common purpose. This helped LAHSA to begin to lean into the role of system administrator – one more in line with its intended purpose.

However, LAHSA's growth since 2016/2017 and the changing dynamics between its public funders have created challenges that the organization is actively trying to solve as described in this report. The *Ad-Hoc Committee on Governance* was created to ensure that LAHSA's governance structure fully supports the organization's vision and its role in the community.

Impact of Rapid Organizational Growth

With passage of [Measure H](#) (also known as the Homeless Initiative, which allocates a portion of its funding to LAHSA) and [Proposition HHH](#) (no funds flow through LAHSA) in 2016/2017, LAHSA has seen unprecedented growth both in its personnel and the amount of funding for which it is responsible. This rapid growth created the need to conduct a full review of the organization, including its operational and governance structures. The charts below illustrate the rate of change for the organization: a budget increase of over \$709 million dollars, or 728%, over five fiscal years and an increase of 338 staff, or 252% growth over the same period.

¹ <https://www.lahsa.org/about>

² HUD Continuum of Care Program: <https://www.hudexchange.info/programs/coc/>

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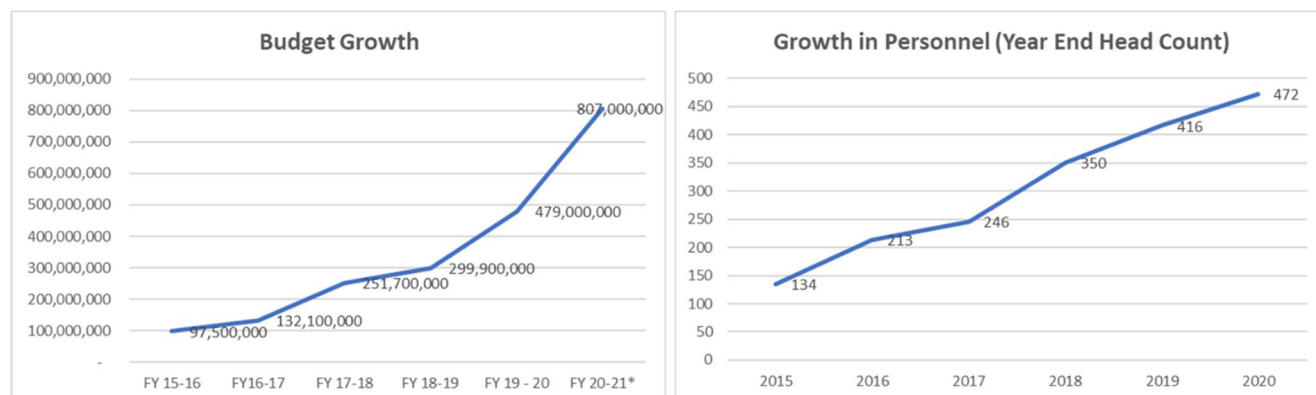


Figure 2: LAHSA Organizational Growth

These charts, however, do not tell the entire story. While the growth in staff has been sizable, it is also clear from the internal operational review that the organization's staffing is not fully resourced for or aligned with the level of responsibility for federal, state, City, County and private funding sources it manages. This creates operational capacity challenges in a number of areas – resulting in frustration both internally and with LAHSA's external partners. These operational frustrations were voiced in the interviews conducted as part of the governance review, and to LAHSA's partners were often indistinguishable from governance related challenges.

The level of funding LAHSA receives through these sources also gives the public and LAHSA's homelessness stakeholders a false sense of what LAHSA controls. While these funding amounts are large, each funding source comes with its own set of rules and limitations, creating a complex web of contract requirements and eligible activities that can be difficult to navigate and is often passed through to subrecipients. This can result in frustration or lack of clarity at the stakeholder level – often with LAHSA being blamed for inefficiencies or rules it does not actually control.

In 2018 LAHSA began a proactive process to address challenges related to the rapid growth of the organization. It began, as discussed previously, with a full operational review and strategic planning process to clarify the organization's mission, vision and role in the community. LAHSA is currently implementing operational changes in six key areas:

1. System management
2. External Relations and Communication
3. Grant Administration
4. Data Collection and Analysis
5. Health and Safety response
6. Equity

LAHSA's priority is improving operations and creating a structure that will support its role in ending homelessness in Los Angeles. Strengthening the region's overall homelessness response could be accomplished through a three-step approach that includes strengthening LAHSA's operations and governance, but also conducting an assessment of regional governance and making changes that

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support a true system-level approach to ending homelessness and increased accountability for those entities that control related systems and resources.



Figure 3: Strengthening Homelessness Assistance in Los Angeles

While this report focuses on Step 2 of the process as defined in Figure 3, the completion of Steps 1 and 3 are key to LAHSA's success and to the success of the community in ending homelessness in Los Angeles. Strengthening operational capacity and performance (completing Step 1) will build trust in the organization and its role. Clarifying roles and streamlining/strengthening LAHSA's governance structures (Step 2) will improve the organization's ability to receive and use information from the field, connect with elected leaders, and make strong policy and funding decisions.

Step 3, however, could be transformational. Building on the improvements made in Steps 1 and 2, Step 3 could build a true systems-level approach, placing LAHSA as system administrator in the proper position and providing it with the authority and flexibility necessary to be successful. This includes the ability to develop and implement policy as well as utilize flexible funding approaches to better meet the needs of people experiencing homelessness and the organizations that serve them. Flexible funding - especially from the City/County as part of the implementation of a shared vision, goals and metrics - could also create operational efficiencies in the contracting process and support the shift from a predominantly compliance-based approach to a collective action approach at the system level.

Equity and the Ad-Hoc Report on Black People Experiencing Homelessness

In December 2018 the LAHSA Commission's *Ad-Hoc Committee on Black People Experiencing Homelessness* issued a report and recommendations to "eliminate racial disparities impacting Black people experiencing homelessness by ensuring racial equity within the homeless crisis response system." The insights and recommendations included in the report reflect the connection between

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LAHSA's governance structure and meeting the needs of people most impacted by homelessness. Two important insights into the intersection between equity and governance are described on page 7 of the report (emphasis added):

1. For lasting change to occur, **institutional barriers across agencies and mainstream systems must be dismantled** to eliminate the racial disparities and systemic racism affecting Black people experiencing homelessness.
2. The **inclusion of Black people with lived experience of homelessness in all aspects** of program and policy design, implementation, evaluation, and service delivery, is critical to ensuring that programs and services effectively meet the needs of those they are intended to serve.

While the *Ad-Hoc Committee on Black People Experiencing Homelessness* report did not include a specific chapter on governance, it offers a roadmap to how governance can fully support its implementation. The insights, principles and recommendations included in the report informed the development of the governance recommendations included here, especially related to power sharing, dismantling institutional barriers across systems, and inclusion of people with lived expertise in all layers of governance and program design.

II. Overview of the Process

The process for developing the recommendations included in this report included a review of documents provided by the Committee regarding LAHSA's governance structure and legal requirements, interviews with community stakeholders, and a review of governance models developed and used in other systems or geographic areas.

Interviews with community stakeholders began on October 13, 2020 and continued through the end of January 2021. The list of community stakeholders to be interviewed was established by Committee as part of the scope of work development for the project consultant (Ann Oliva, Center on Budget and Policy Priorities). While all interviews conducted as part of this project were facilitated by the project consultant, some interviews were conducted in conjunction with City of Los Angeles and County

Stakeholder Groups

The Committee included a broad array of stakeholder groups as part of the interview process. Interviews were conducted in two phases. In total, nearly 50 interviews with approximately 100 people were conducted as part of this project.

First, interviews were conducted with community-based organizations and individuals that work with or for LAHSA in a variety of capacities, including (see Appendix A for a full list):

- LAHSA senior staff and commission leadership
- Local Councils of Government
- Lived Experience Advisory Board members
- Business leaders
- City and County staff
- Faith-based groups
- Other Continuums of Care in the region
- Housing Authorities
- Police
- LA Continuum of Care leadership
- Coordinated Entry System lead organizations and policy council members
- HUD staff
- Philanthropic partners

Initial themes were identified through phase one interviews, and informed phase two interviews with:

- Elected leaders
- Former LAHSA commissioners

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staff for the sake of efficiency and coordination. Interviews with a single person or entity were scheduled for 30 minutes, and those with larger groups or coalitions were scheduled for 60 minutes. Some interviews went longer than the scheduled period or were extended if additional discussion was necessary or requested by the interviewee. In order to establish clear boundaries and an environment of open and honest discussion, interviewees were advised that information collected from these interviews would not be attributed to specific individuals unless the project consultant requested express permission.

Interview questions were reviewed and approved by the Committee. They included the following open-ended questions as well as specific follow-up or related questions based on each discussion.

1. LAHSA's role within the larger Los Angeles homelessness ecosystem has shifted over the last several years from a grants administrator to a system administrator. Should this shift impact the way we think about LAHSA's governance?
2. How do you/your organization interact with LAHSA? Are the lines of authority and roles clear in that interaction?
3. What are the three biggest governance challenges facing LAHSA? In other words, what do you think we need to solve for in this exercise?
4. What skills and knowledge do we need represented in any LAHSA governance structure?
5. What are the characteristics of an ideal governance structure from your point of view?

Preparation for Phase One and Two interviews involved the review of documents related to LAHSA's governance and operating structure, including:

- Homeless Response System Map
- LAHSA Funding Overview
- LAHSA Joint Powers Agreement (JPA) and State JPA Guidance
- LAHSA Strategic Planning Materials
- City and County Motions on LAHSA Governance
- LAHSA Commission By-Laws, Organizational Chart and Commission and Committee Rosters
- Los Angeles Continuum of Care (CoC) By-Laws, Charter and Roster
- Regional Homeless Advisory Council (RHAC) Charter and Roster
- Coordinated Entry System (CES) Policy Council Background Memorandum, Process and Roster
- Overview of Home for Good Funders Collaborative
- Measure H Citizens Oversight Board Materials
- Lived Experience Advisory Board (LEAB) Charter and Roster
- Homeless Youth Forum of Los Angeles (HYFLA) Charter and Roster
- Federal Regulatory Requirements and CoC Guidance

Other governance and community homelessness assistance models reviewed included:

- Los Angeles County Metropolitan Transportation Authority Board
- Southern California Association of Governments
- Alameda Corridor Transportation Authority
- King County Regional Homelessness Authority
- New York City Continuum of Care and Department of Social Services

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- Houston/Harris County, Las Vegas/Clark County, San Diego City and County, and Portland/Multnomah County Continuum of Care Governance

III. Themes Identified Through Interviews and Document Reviews

Phase One and Two discussions identified common themes across stakeholder groups and interviewees. The themes identified in Phase One, and presented to the Committee on November 9, 2020, informed the discussions with elected officials in Phase Two.

Interviewees raised, in multiple ways, four broad subject areas, which provide a framework for the challenges that will need to be addressed in any changes to LAHSA and system governance.

1. **Operations.** Challenges related to LAHSA operations were raised numerous times in Phase One and Two discussions, making it clear that LAHSA must successfully address these challenges for it to gain community trust and support. The two most often cited challenges relate to contracts and communication.
2. **Role Clarity.** Many interviewees pointed to overlapping or unclear lines of authority for various governing bodies as a challenge. This lack of clarity exists even for members of these bodies – they are unsure when they are the final decision-makers versus when they are acting in an advisory capacity. This causes confusion and frustration for governing body members and community stakeholders.
3. **Support for System Administration.** Generally, interviewees stated that LAHSA's role as the homelessness system administrator is appropriate and needed. However, many also stated that LAHSA currently does not have the governance structure, independence, or political support necessary to successfully carry out this role. There was also general acknowledgement by many interviewees that LAHSA has an incredibly difficult job and is often blamed for issues that are not within its span of control.
4. **System-Wide Vision and Goals.** The lack of regional goals, metrics and a common vision was raised as a challenge in numerous interviews. Many interviewees expressed that a lack of clear direction for the system as a whole contributes to the perception that LAHSA is "caught" between the City and County when policy or funding disagreements arise.

Phase One Themes

Community stakeholders interviewed in Phase One identified challenges that should be addressed in the work to strengthen LAHSA's governance structure.

- **Vision and Goals.** Community leaders and homelessness service providers should be clear on a common vision to drive the priorities and work of all partners. In many communities the development of a system-level vision includes a facilitated process conducted with key stakeholders, and sometimes includes the development of related interim goals and metrics of success. There is often also a single overarching plan that guides the work towards the vision and goals. Many interviewees indicated that a single regional vision does not exist, creating an environment where stakeholders are pursuing individual efforts that are not aligned.
- **Clear Authority.** No single entity has full control over the issue of homelessness in Los Angeles, and those in control of LAHSA's funds are not always in agreement. LAHSA's authority, especially when there is disagreement, is unclear and often does not match its level of responsibility.

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- **Alignment.** A lack of alignment between partners (especially between the City of Los Angeles and the County) leaves the door open for system-level disruption from other sources (i.e., Alliance lawsuit, elected official subregional priorities).
- **LAHSA Commission.** The role of the LAHSA Commission and its members is not clear and does not adequately reflect the urgency of the homelessness situation today. Many interviewees discussed other types of governance structures that illustrate a stronger commitment by government because they include elected leaders rather than members appointed by elected leaders. While there was no consensus by interviewees about the best model for homelessness governance, the most often cited example was the Metro Board, which includes elected leaders staffed by subject matter experts. Additional challenges/concerns raised include:
 - City Council does not appoint any seats to the Commission,
 - Commissioners have no clear expectations regarding their role,
 - Commissioners are not selected based on needed expertise. Many interviewees discussed the need for elected officials to fill open seats with subject matter experts, including a specific focus on lived expertise.
- **Role clarity.** Role clarity is needed for all governing bodies to promote increased accountability, unity and trust in the system. It is also needed to ensure that each body understands their responsibilities and limitations with regards to policy and funding decisions. For example, the CES Policy Council may currently make policy decisions that have significant implications for funding that is under the authority of the Commission, leading to confusion and unclear directives for front-line service providers. Role clarity will also lead to a more robust opportunity for collective impact. Many interviewees stated that there are too many groups and planning tables that could be streamlined for a more efficient use of time and human resources.
- **Funding Complexity.** Funding requirements are complex and not flexible enough to meet the needs of people experiencing homelessness or the providers who serve them. This inhibits innovation and braiding of funding and creates a perception that compliance is more important than outcomes.
- **Connection to LAHSA staff and leaders.** Interviewees from areas outside the City of Los Angeles expressed a lack of consistent connection to LAHSA, both operationally and through its governance structure.

Phase Two Themes

Many of the themes expressed through Phase One interviews were also identified by Phase Two interviewees. However, elected officials and former Commissioners raised several additional items for consideration as operational and governance issues.

- **LAHSA's Focus and Purpose.** Several interviewees questioned whether LAHSA's dual purpose of system administrator and direct service/outreach provider is optimal. This issue was raised with regards to both operations and governance – specifically asking whether LAHSA should continue to conduct direct services or focus solely on its coordination and system leadership function.
- **The Need for More Direct Connection Between City Council and LAHSA.** The City Council does not appoint seats for the LAHSA Commission. Although they do confirm the Mayor's selections, the terms for Commissioners are often extended without further Council confirmation. For example, it is possible that no City-appointed Commissioners at a given time have been subject to confirmation by the current City Council because their terms were extended beyond the

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initial three-year period. This dynamic can create a disconnect between the City Council and LAHSA Commission and Executives.

- **Need for Proactive Communication Between LAHSA and Elected Officials.** Several interviewees noted the need for more proactive communication and data sharing between LAHSA executives and elected leaders and their staff. While there is no formal requirement for this type of reporting through the Joint Powers Agreement, it was generally acknowledged that regular meetings to discuss challenges and progress would benefit both the elected officials and LAHSA.
- **Geographic Areas for Planning.** A unique theme raised in Round Two interviews was around the size of some service planning areas (SPAs) and whether they are too large to meet the diverse needs of geographic areas within some SPAs. Several interviewees described difficulty in conducting or executing subregional planning at the SPA level or described a desire for smaller geographic areas related to coordinated entry. While this is largely an operations issue, it will have implications for subregional planning and geographic representation related to governance structure.
- **Data Availability and Data Management.** Data was raised as both a challenge and an opportunity for more meaningful engagement with elected officials in several Phase Two discussions. This is, again, a largely operational issue. However, several interviewees raised the need for data sharing between LAHSA and the County in order to have a more holistic picture at any given time on homelessness in the region. Because the County has access to additional (including mainstream system) data sets, County department heads who are directly engaged in governance could facilitate data sharing and reporting for this purpose.
- **Mainstream Services.** Phase Two interviewees also raised governance challenges related to services provided by the County such as mental health and addiction treatment. While staff in Phase One interviews generally indicated that a strong working relationship between staff in the City, County and LAHSA currently exists, Phase Two interviewees voiced concerns around inequitable or inadequate distribution of key resources for people experiencing homelessness that should be addressed in the governance context. In other words, mainstream systems (e.g. child welfare, justice, behavioral and physical health systems) should be represented at the table and held accountable for their part in working towards an overall vision/goals.

Racial Justice and Equity: Partnership with People with Lived Expertise

Many interviewees in Phases One and Two expressed the need to align any governance changes to a racial justice and equity approach and to ensure that lived expertise is included. This aligns with the principles and recommendations made by the Commission's *Ad-Hoc Committee on Black People Experiencing Homelessness*, as detailed in Section I of this report. Phase One interviewees overwhelmingly called for persons with lived expertise to be included in every governance body, including the LAHSA Commission.

Many interviewees also pointed to the need for a more robust and clearer role for the Lived Experience Advisory Board (LEAB) including a direct connection between LEAB and LAHSA executive-level personnel and the Commission. In addition to the need for authentic representation in governance roles by people with lived expertise, a broad theme in both Phase One and Two interviews was ensuring that governing

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bodies are more reflective of the characteristics of people who experience homelessness in Los Angeles. See the box on page 13 for additional details.

IV. Recommendations

Section I of this reports outlines a three-step process to strengthening homelessness assistance in Los Angeles. The steps as outlined are inter-related and will not provide the desired effect if not completed as part of a comprehensive approach.

Communities with the most effective homelessness assistance systems operate and plan at the systems level. In other words, they have moved beyond project-level or fragmented planning, funding and program design to a collective impact approach with an aligned set of goals and metrics to drive its decision-making, resource allocation and public accountability. It is important to note that while this report is about LAHSA governance, it is the City of Los Angeles and the County that play the most important role in getting to a true systems-level approach to ending homelessness in the region because they control funding and many of the systems that intersect with homelessness.

Operations (Complete Step 1)

The first recommendation is for LAHSA to complete the implementation of operations changes as described in the organization's strategic plan, many of which are already underway. Because so many of the challenges described by interviewees were, in fact, operational in nature (rather than governance related), it is imperative that LAHSA quickly implement needed structural changes to orient itself towards its role as system administrator. Changes in these key areas will help to establish an atmosphere of trust and collaboration with stakeholders while governance issues are being addressed.

- **Contract and Payment Issues:** Several activities are planned or underway.
 - A functional reorganization to strengthen grant administration and completing implementation of the Grants Management System will ensure more transparency and timely processing of contracting and subgrantee payments.
 - LAHSA should continue to implement procurement and contract modernization changes approved in December 2020. Among other things, this modernization will separate organizational evaluation from program proposals, allowing agencies to become an eligible/approved contractor at any time. This will allow smaller and faith-based agencies more time to benefit from technical assistance designed to help them meet these thresholds.
 - Implementation of master agreements will reduce contracting frequency, complexity and execution timelines.
 - LAHSA should clearly communicate to stakeholders when there are challenges outside of its control. For example, recent short-term (4 month) funding allocations and contracts that caused frustration among LAHSA's contractors were outside of LAHSA's control.
- **Communication:** A comprehensive communications strategy is key to building trust and transparency.
 - Implementation of proactive communications, including outreach to elected officials, clarity around LAHSA's true span of control within the homelessness assistance system

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and related systems, and a feedback loop between LAHSA and stakeholders will build an environment of trust and partnership.

- LAHSA's communication strategy should include regular and standard data releases to track progress towards goals, inform policy, ensure transparency and establish a single public data set that supports collective impact at the SPA and regional levels.
- **Equity:** Implementation of operating practices in alignment with the *Ad-Hoc Committee on Black People Experiencing Homelessness* and recommendations made by the National Innovation Service as part of the equity audit being conducted.
- **People with Lived Expertise:** Support the full participation and representation of people with lived expertise in LAHSA's operations, including through:
 - Employment opportunities and paths for advancement within LAHSA;
 - Creation of an executive-level connection with LEAB and conducting an examination of its charter and activities to more intentionally create opportunities for co-creation and tie its work to informing LAHSA executives on operations and policy;
 - Appropriate compensation policies and practices; and
 - Intentional roles in SPA-level work to ensure implementation progress and challenges are communicated to LAHSA executives.
- **Direct Connection with Subregional Leaders:** In addition to communication strategies directed to subregional leaders and efforts, LAHSA should establish dedicated internal contacts for government (including Councils of Government) stakeholders or consider the implementation of an ombudsman for issues related to local governments that are not the City or County of Los Angeles.

Strengthen Current Governance Processes Through Role Clarity (Step 2)

Establishing clarity for groups as to when they have decision-making authority, when they are acting in an advisory capacity, and when they are workgroups making recommendations on specific policy/program areas will alleviate confusion and frustration and help stakeholders to prioritize their time and attention related to these groups. It will also streamline the decision-making process and appropriately consolidate authority to increase transparency and accountability. At the end of Step 2, each governance-related body or workgroup should have a *clear purpose* and *authority* and fulfill a *strategic role* for the system as a whole.

Map and Document Legal Authority and Delegated Responsibilities for Key Groups

Priority should be given to clarify roles and responsibilities for policy and funding decisions for four key governing groups:

1. The LAHSA Commission as the body that legally oversees LAHSA operations as established in the Joint Powers Agreement and State law;
2. The Continuum of Care and the CoC Board as the bodies that hold regulatory authority for HUD-funded programs and certain system-level activities established at 24 CFR §578.5-7. Decision making or advisory roles for these activities can be delegated to various groups, including the LAHSA Commission;
3. The Coordinated Entry System Policy Council that has authority delegated by the CoC for specific issues related to the implementation and operation of the Coordinated Entry System; and

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4. The Lived Experience Advisory Board that currently acts in an advisory capacity but could be fully leveraged to share power and ensure that policy, funding, and program decisions are aligned with and informed by lived expertise.

Regional Homelessness Advisory Council

The Regional Homelessness Advisory Council (RHAC) no longer serves its originally intended purpose, and some members interviewed were unclear as to the value of their participation or for the group as a whole beyond information sharing at the regional level. Because the RHAC acts as the Los Angeles Continuum of Care for the purposes of meeting some federal requirements, it is recommended that the RHAC be dissolved only after the process to map and document roles and responsibilities for the four priority groups discussed above is complete.

Members of the RHAC should be surveyed so that a communication strategy can be developed and implemented as part of the process for successfully disbanding the group.

Streamlining Workgroups

Workgroups across the system have been created over time by various governing bodies and by the City/County to address sometimes similar or overlapping topic areas or priorities. LAHSA should lead a full analysis of existing workgroups and committees created as part of the LAHSA Commission, the Continuum of Care, the RHAC, and City/County strategy implementation in order to understand any overlap or conflicting mandates and workflows. Extraneous groups should then be dissolved and membership in newly created or existing workgroups should be reviewed to ensure that they are comprised of appropriate subject matter experts, including people with lived expertise. Specific steps are outline on page iii of the Executive Summary.

LAHSA Commission

While a review of LAHSA's legal authority, and therefore the composition of the Commission, is recommended as part of the system-wide governance work described below, a number of changes can be made immediately to clarify the role of both the Commission and its members, and to build a stronger connection between the Commission and elected officials, including the City Council.

Recommendations include:

- Create position descriptions for LAHSA commissioners and officers, including expectations of the positions.
- Develop a characteristics, skills and expertise matrix to aid elected officials in the selection of Commissioners when filling an open seat (see box). Specifically address diversity, inclusion and representation by people of color and people with lived expertise.
- Work with Mayor's Office and City Council to develop a revised process for filling/confirming City of Los Angeles seats in the future.
- Create a formal mechanism to address sub-regional planning, policy and resources.

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LAHSA Commissioners: Skills and Expertise

We asked interviewees what skills and expertise should be considered for people serving on the LAHSA Commission. Below is a comprehensive list of responses for consideration in developing a skills and expertise matrix as recommended in Section IV of this report.

Areas of Expertise/Skills:

- Lived Expertise
- Diversity, Equity and Inclusion
- Homeless Service Delivery and Policy
- Mainstream Systems and Services
- Affordable Housing/Housing Authorities
- Finance
- Real Estate
- Data Analysis
- Systems Thinkers
- Communications
- Contracts and Business Operations
- Legal/Law Enforcement
- Experience with Smaller Cities
- Experience with State Government
- Human Resources

Characteristics:

- Reflective of People Experiencing Homelessness (Gender Identity, Race, Ethnicity, Age, Sexual Orientation, etc.)
- Political Acumen
- Elected Officials
- Decision-Making Authority
- City/County Department Heads
- Geographic Representation

Build a Bridge: Engagement with Key Elected Leaders

Although this report generally recommends fewer bodies/workgroups with clearly defined roles and authority, it is also sometimes necessary to fill gaps in order to successfully execute a strategic vision. Currently, there is no body that includes key elected officials to assist LAHSA in administering the system and troubleshooting problems across political boundaries.

LAHSA should work with key elected officials (City and County) with jurisdiction over homelessness assistance resources to immediately create a homelessness-specific planning group to convene regularly while the system-level work described below is in development. This will quickly engage important decision-makers to address urgent challenges and lay the groundwork for a regional, system-level approach. The LAHSA Executive Director and two commissioners should participate in structured, action-oriented and facilitated meetings alongside elected leaders. Community examples of elected-official engagement are referenced on page iv of the Executive Summary.

Support for System Administration and System-Wide Vision and Goals (Step 3)

The final step outlined in Section I of this report entails a system-level review to identify goals/vision for the system as a whole, clarify roles, and tie LAHSA's work to its key partners within mainstream and affordable housing systems. It is therefore important that LAHSA be included as a partner along with the

**Los Angeles Homeless Services Authority: Report on Governance
February 2021 (Revised)**

City and County as the review is conducted and a comprehensive regional structure is developed. It is recommended that this system-level assessment be comprised of at least the following components.

- 1) An assessment of all regional governance structures/partners (including, to the extent possible, organizing documents like contracts and operational agreements that govern relationships between entities) that impact homelessness, including:
 - Public Sector Homelessness-Specific: LAHSA, City/County Departments, State.
 - Public Sector: Mainstream systems (systems that serve people experiencing homelessness and that exit people into homelessness) and affordable/supportive housing development, State-level systems.
 - Public Sector: Elected official coordination and collaboration across the region.
 - Private Sector: Funders, providers, housing developers and other private sector partners.
- 2) Identification of a City/County mechanism to implement a robust system approach to ending homelessness in Los Angeles and develop shared goals and vision to drive decision-making and resource allocation. This mechanism should take into account the following:
 - Creating clear areas and methods of accountability for public and private partners.
 - Networks necessary to develop and implement a region-wide plan.
 - Development of long-term vision/goals and interim (3-5 year) goals (measures of success) to create accountability across systems.
 - Subregional planning.
 - Continuum of Care operations and legal requirements.
 - Creating more flexible local funding streams.
- 3) A review of LAHSA's legal authority to determine if LAHSA has sufficient independence and decision-making authority to carry out its responsibilities as the system administrator or for its role as determined through the system-level assessment.

V. Conclusion

LAHSA is at a critical juncture in its evolution as an organization and as a leader in the homelessness and housing ecosystem in Los Angeles. The governance actions recommended through this process will help to position LAHSA to play an even more critical role in the region's work to end homelessness. With proper and sustained support from its government and community stakeholders, LAHSA can act as a true re-housing system administrator and partner to its counterparts responsible for affordable housing, mainstream services and homelessness prevention.



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 10, 2018

To: Supervisor Sheila Kuehl, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Sachi A. Hamai
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

STRENGTHENING THE ACCOUNTABILITY OF MEASURE H FUNDS (ITEM NUMBER 7, AGENDA OF APRIL 10, 2018)

On April 10, 2018, the Board of Supervisors (Board) directed the Chief Executive Office (CEO), in consultation with the Auditor-Controller (A-C), Los Angeles Homeless Services Authority (LAHSA) and County Counsel, to report back within 30 days with:

- 1) The operational improvements that LAHSA has implemented, in response to the A-C's review of LAHSA's financial operations, to increase their capacity to administer Measure H funds, including resulting improvements in performance;
- 2) The immediate and long-term plans, timeframes and relevant structural adjustments necessary, including consideration of insourcing the administration of the funds, to improve the outcomes and accountability of Measure H funds;
- 3) A strategy to increase the capacity of: a) all lead County departments/agencies that administer Measure H funds, and b) non-profit service providers that receive Measure H funds;
- 4) A plan that includes possible interim personnel solutions while a search for a Chief Financial Officer (CFO) for LAHSA is ongoing;
- 5) Information on salary and benefits for LAHSA employees compared to County employees; and
- 6) Information on challenges and barriers LAHSA is facing implementing Measure H funds.

This memorandum responds to all the Board's directives.

Directive 1): LAHSA's Operational Improvements

In consideration of LAHSA's monumental task of expanding and enhancing homeless services as a result of Measure H, the CEO requested in September 2017 that the A-C conduct reviews of LAHSA's fiscal and contracting operations. The fiscal operations review report was issued in April 2018. The contract review was initiated in February 2018 and the report is expected to be issued by June 2018.

Per the Board's directive, the A-C initiated a review of the operational improvements that LAHSA has implemented in response to their fiscal operations review. The A-C has completed their review but indicated that they will need additional time to ensure LAHSA has the opportunity to review and submit a formal response to their report. The A-C will respond directly to the Board on this directive no later than May 31, 2018.

Directive 2): Options to Improve the Outcomes and Accountability of Measure H funds

To address the Board's directive to provide immediate and long-term plans, timeframes and relevant structural adjustments necessary to improve the outcomes and accountability of Measure H funds, the CEO developed four options for consideration. These options, outlined below, range from short-term to permanent actions that are not mutually exclusive, i.e., two or more options could be employed contemporaneously and/or sequentially. Option IV specifically addresses the Board's request for consideration of insourcing the administration of Measure H funds within County departments.

Option I: Routine Monitoring of LAHSA's Financial and Contract Operations

An option that could be implemented immediately would be for the A-C to conduct routine monitoring of LAHSA's fiscal and contract operations per the findings and recommendations of the A-C's financial review referenced in Directive 1 above and the A-C's forthcoming review of LAHSA's contracting operations. Attachment 1A is the A-C's proposed plan for routine monitoring which would be implemented by the A-C Countywide Contract Monitoring Division.

Option II: County "Red Team" Embedded in LAHSA

Over the years, the County has periodically deployed specialized teams to County departments for a specified time to address organizational challenges. These specialized teams, also referred to as Red Teams, have been comprised of County employees with strong administrative experience and/or subject matter expertise in the area(s) requiring attention, and were embedded within the department for a time-limited period. When necessary, these efforts also enlisted the services of outside consultants.

The Red Team concept is not without precedent in assisting LAHSA to improve its fiscal and contract systems. In July 2005, the County CEO at the time, David Janssen, took the following steps to stabilize and resolve LAHSA's fiscal and contract management challenges:

- Designated two experienced administrators as the administrative oversight team to oversee corrective action at LAHSA and provide ongoing input to the Board;
- Loaned key fiscal and contract specialist staff to assist LAHSA in correcting current problems and establishing revised financial and contracting systems to strengthen accountability and reporting mechanisms to permit the County to maintain ongoing checks on the status of LAHSA's fiscal and contract operations;
- Directed County staff to work with a consulting firm retained by LAHSA to provide fiscal and accounting services, and assist in developing system changes as necessary; and
- Established a three-month timeline for instituting a corrective action plan and process changes.

The Red Team option calls for a small team of County employees who are subject matter experts in areas(s) where LAHSA's operations are in need of improvement and/or enhancement, as identified by the A-C's financial and forthcoming contracts analyses and LAHSA's self-assessment in response to directive 6, described below. The purpose of this option is to ensure that LAHSA makes the necessary improvements in a timely manner. If directed by the Board, the CEO, in collaboration with the A-C, would establish a Red Team and specify an appropriate time period to be embedded within LAHSA's operation. After such time, the CEO would report back to the Board with an update and recommendations on any further steps.

Option III: County Assumes LAHSA's Fiscal Responsibilities

Increasing accountability of Measure H funds could be accomplished by directing the County to have a more significant role in the fiscal oversight of Measure H funds. The A-C prepared a report (Attachment 1B) detailing options that could be implemented to strengthen the fiscal accountability of Measure H funds currently administered by LAHSA commencing FY 2018-19.

Option IV: Insourcing of One or More LAHSA-Led Measure H Strategies

Per the Board's instruction, the CEO conducted an assessment of the feasibility of insourcing responsibility for the administration of each of the eight Measure H-funded strategies for which LAHSA is currently the lead or co-lead agency, including input from LAHSA, Department of Health Services, and Department of Public Social Services. As reflected on Attachment 1C, the CEO's conclusion is that it could be feasible to insource responsibility for all but two of those eight strategies, if the Board chooses to do.

The CEO consulted with County Counsel regarding the most feasible timeline for any insourcing adopted by the Board. Our conclusion is that the most feasible timeline would be for any insourcing to take effect with new contracts that would be procured by the County. This timeline would: 1) provide the lead County department(s) time to increase their capacity to administer additional Measure H funds; and 2) avoid any issues surrounding the assignment of any current LAHSA contracts to the County and the associated delegation of rights and duties for a potentially large number of contracts.

Directive 3): Increase Capacity to Administer Measure H Funds

Per the Board's request to develop a strategy to increase organizational capacity to effectively administer and provide homeless services, the CEO: 1) surveyed all lead County departments/agencies that administer Measure H funds; and 2) consulted with LAHSA on its on-going efforts to build capacity of non-profit service providers that receive Measure H funds.

Increase Capacity of Lead County departments/agencies

The CEO solicited information from eight lead County departments/agencies via a survey to determine if there was, in fact, a need to increase capacity to administer Measure H funds and, if so, what that need is. Based on the results of the survey, departments/agencies identified very limited barriers/challenges where an increase in capacity would assist in more effectively administering Measure H funds. However, the CEO and lead departments did identify several opportunities to enhance Measure H

implementation. Attachment 2A provides information on the survey results and associated action items.

Increase Capacity of Non-Profit Service Providers

LAHSA, along with United Way of Greater Los Angeles and other partners, has worked on various efforts to assist in building the capacity of homeless services providers. The current efforts to increase provider capacity are reflected in Attachment 2B.

Directive 4): LAHSA Chief Financial Officer (CFO) Status and Plan

LAHSA has been without a permanent CFO since December of 2017. To provide continuity, LAHSA contracted with Terry Matsumoto as Interim CFO. Mr. Matsumoto, formerly CFO for Metro, was on a consulting engagement with KH Consulting working with LAHSA's Finance Department, and shifted to this role when the previous CFO resigned. In January 2018, LAHSA retained McCormack & Kristal to conduct a national search for a new CFO. McCormack and Kristal have identified several potential candidates and LAHSA is actively interviewing. According to LAHSA, based on the candidates identified to date, it appears very likely that a permanent CFO will be hired by the end of this month.

As a possible short-term solution, the A-C and CEO have identified two experienced A-C employees who could function as Interim CFO until a permanent CFO is onboard at LAHSA. If your Board so directs, the CEO and A-C will send one of the experienced employees to LAHSA as interim CFO, unless a permanent CFO has already been hired.

Directive 5): Comparison of LAHSA and County Salaries and Benefits

The CEO Classification and Compensation Unit compared LAHSA's benefits and salaries to those of the County and concluded that they are generally competitive and should not be a barrier to hiring and retaining qualified employees. The primary exception is that the County's retirement benefits are better than LAHSA's. Below are details of the comparison of salaries and benefits.

Comparison of Salaries

LAHSA currently has 364 budgeted positions of which 308 are filled and 56 are vacant. There were challenges comparing the class specifications due to the differences of specifications between the County and LAHSA. LAHSA specifications appear to cover a broad scope of functions, while the County's class specifications include detailed class definitions, standards, and educational requirements making clear distinctions between multiple positions.

The CEO was able to identify 18 job classifications which were the most common of LAHSA's 308 filled positions to complete the comparison analysis to the County's salaries of comparable classifications. There were certain classifications in which no comparable classification match was identified for the following reasons:

- A one-to-one relationship existed between the position's direct reports and the next level above, whereas the County typically avoids allocating this additional layer of management.
- Comparable positions within the County differ greatly in minimum requirements, where County classifications would require licensing or specific education and LAHSA classifications did not.
- The CEO was unable to determine the level of certain classifications due to the lack of class specifications for key subordinate positions.

The salary comparisons are detailed in Attachment 3A.

Comparison of Benefits

The CEO also reviewed LAHSA's current employee benefit package and found that LAHSA's benefits are generally comparable to the County's, with the exception of LAHSA's retirement benefits. Details of LAHSA's employee benefit package can be found in Attachment 3B. During the review, the CEO also noted that LAHSA is currently negotiating its first collective bargaining agreement with its unionized workforce.

Directive 6): LAHSA's Challenges and Barriers Implementing Measure H-Funded Strategies

Per the Board's instructions, the CEO reached out to LAHSA to identify their challenges and barriers implementing Measure H-funded strategies. Attachment 4 details the challenges and barriers LAHSA has faced since the Board's approval of the Homeless Initiative strategies in February 2016 and particularly since voter approval of Measure H in March 2017.

Each Supervisor
May 10, 2018
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If you have any questions, please contact Phil Ansell, Director of the Homeless Initiative, at (213) 974-1752 or by email at pansell@ceo.lacounty.gov.

SAH:JJ:FAD
PA:JR:tv

Attachments

c: Executive Office, Board of Supervisors
 Auditor-Controller
 County Counsel
 Los Angeles Homeless Services Authority



JOHN NAIMO
AUDITOR-CONTROLLER

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

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May 7, 2018

TO: Sachi A. Hamai
Chief Executive Officer

FROM: John Naimo 
Auditor-Controller

SUBJECT: **PROPOSAL FOR AUDITOR-CONTROLLER ON-GOING MONITORING OF
THE LOS ANGELES HOMELESS SERVICES AUTHORITY (Board Motion
– April 10, 2018, Item 2a)**

On April 10, 2018, the Board of Supervisors (Board) instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C) and County Counsel, to report back in 30 days on strengthening the Los Angeles Homeless Services Authority's (LAHSA) accountability of Measure H funds. Item 2 of the Board motion was to develop immediate and long-term plans, timeframes, and relevant structural adjustments necessary, including consideration of insourcing the administration of the funds, to improve the outcomes and accountability of Measure H funds.

As requested by your office, the A-C's Countywide Contract Monitoring Division developed the following proposal for an on-going monitoring plan to strengthen LAHSA's accountability of Measure H funds. Detailed below is our monitoring plan for June 2018 and the upcoming Fiscal Year (FY) 2018-19.

Continuous Monitoring Plan for LAHSA

In June 2017, we proposed comprehensive reviews of LAHSA's operations be performed to assess LAHSA's ability to meet Measure H requirements and responsibilities. Since then, we have completed two comprehensive reviews (Phases I and II) which assessed LAHSA's fiscal and contracting operations. Our proposed Phases III and IV reviews of LAHSA's Homeless Management Information System (HMIS), which is used to track performance outcomes, and their contract monitoring operations have yet to be scheduled.

In consideration of Phases III and IV reviews already proposed, and the County's need to enhance LAHSA's overall accountability of Measure H funds, we propose taking a risk-

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based approach to monitoring LAHSA's operations on an on-going basis. In taking a risk-based approach, we may increase or decrease on-going monitoring in certain areas depending on the results of our reviews. For example, if LAHSA is consistently not meeting a key performance indicator in a specific area (e.g., payments to sub-recipients within an expected timeframe), we may increase the frequency of our monitoring, or expand the scope of our reviews.

In addition, we propose quarterly reviews of LAHSA's eight Measure H strategies, in which we will validate the performance outcomes reported by a sample number of LAHSA's contractors on a quarterly basis, at minimum. Our proposed monitoring plan to enhance the accountability of Measure H funds is as follows for June 2018 and FY 2018-19:

Proposed Monitoring Plan for June 2018 and FY 2018-19		
Estimated Timeframe	Type of Review	Estimated Hours (1)
June 2018	Phase III – Homeless Management Information System (HMIS) Review	500
July 2018	Quarterly Monitoring of LAHSA's Operations: These reviews would focus on areas identified as high-risk (e.g., those identified as Priority 1 findings in our Phase I – II reports), and the recommendations made during those reviews that have not been implemented.	500
August 2018	Phase IV – Contract Monitoring Operations Review	500
September 2018	Quarterly Monitoring of LAHSA's Measure H Strategies: Performance Outcome review of two of the eight strategies per quarter, including validating the performance of a select number of LAHSA's contractors.	500
October 2018	Quarterly Monitoring of LAHSA's Operations: These reviews would focus on areas identified as high-risk (e.g., those identified as Priority 1 findings in our Phase I – IV reports), and the recommendations made during those reviews that have not been implemented.	500
December 2018	Quarterly Monitoring of LAHSA's Measure H Strategies: Performance Outcome review of two of the eight strategies per quarter, including validating the performance of a select number of LAHSA's contractors.	500
January 2019	Quarterly Monitoring of LAHSA's Operations: These reviews would focus on areas identified as high-risk (e.g., those identified as Priority 1 findings in our Phase I – IV reports), and the recommendations made during those reviews that have not been implemented.	500
March 2019	Quarterly Monitoring of LAHSA's Measure H Strategies: Performance Outcome review of two of the eight strategies per quarter, including validating the performance of a select number of LAHSA's contractors.	500
April 2019	Quarterly Monitoring of LAHSA's Operations: These reviews would focus on areas identified as high-risk (e.g., those identified as Priority 1 findings in our Phase I – IV reports), and the recommendations made during those reviews that have not been implemented.	500
June 2019	Quarterly Monitoring of LAHSA's Measure H Strategies: Performance Outcome review of two of the eight strategies per quarter, including validating the performance of a select number of LAHSA's contractors.	500
Total Estimated Hours		5000

(1) Actual hours may vary depending on the significance and number of issues we encounter during our reviews.

Sachi A. Hamai
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Our estimated FY 2018-19 costs are approximately \$820,000. Subsequent to FY 2018-19, we propose continuous, on-going monitoring of LAHSA's operations and performance outcomes to ensure the Agency has implemented and continues to apply all of the recommendations identified during our reviews. Based on the results of our reviews, we will adjust the frequency of our monitoring reviews accordingly. We estimate approximately 4,000 hours, totaling approximately \$610,000, in the subsequent years following FY 2018-19 to continuously monitor LAHSA's operations and administration of Measure H funds.

If you have any questions please call me, or your staff may contact Agripino Alonso at (213) 253-0301.

JN:AB:PH:AA:YP:jh

c: Phil Ansell, Director of the Homeless Initiative, Chief Executive Office



JOHN NAIMO
AUDITOR-CONTROLLER

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

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May 9, 2018

TO: Sachi A. Hamai
Chief Executive Officer

FROM: John Naimo *John*
Auditor-Controller

SUBJECT: **PROPOSAL FOR COUNTY TO BECOME FISCAL AGENT OF THE LOS ANGELES HOMELESS SERVICES AUTHORITY – (Board Motion, April 10, 2018, Item 2)**

On April 10, 2018, the Board of Supervisors (Board) instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C), Los Angeles Homeless Services Authority (LAHSA), and County Counsel, to report back within 30 days to improve the outcomes and accountability of Measure H funds. In response to Item 2 of the Board motion, the A-C has developed the following options for insourcing the fiscal administration of Measure H funds. Detailed below are the options that could be used to strengthen the fiscal accountability of Measure H funds currently administered by LAHSA for Fiscal Year (FY) 2018-19.

When LAHSA was established as a Joint Powers Authority in 1993, the A-C was responsible for performing the fiscal administration role. As LAHSA grew, it developed the staff and capacity to manage its fiscal affairs. In February 2001, LAHSA's fiscal administration transferred from the A-C to LAHSA's staff. For FY 2016-17, LAHSA administered programs totaling \$105.5 million, of which \$18.2 million (17.28%) was federally funded, \$46.5 million (44.07%) was funded by the City of Los Angeles (City), \$40.4 million (38.29%) was funded by the County, and \$382,000 (0.36%) was funded through other sources. Measure H funding of \$140.3 million was allocated in FY 2017-18 and LAHSA assumed responsibility for this significant new funding source.

Option 1: Transfer Measure H Payment Responsibility to the County

To avoid a disruption of services, the County should consider allowing LAHSA to administer Measure H contracts, but transfer the payment of Measure H contract provider (provider) reimbursements to the County. This option would require providers to either prepare separate claims for the County (Measure H) and LAHSA (other funding sources) or provide the County with copies of all claims where Measure H funding reimbursement is being requested. The

County would be responsible for reimbursing Measure H funds, and LAHSA would reimburse non-Measure H funds. The providers may need to respond to both the County and LAHSA on the same funding request, but the inquiries should not be duplicative since questions would only relate to funding sources managed by the relevant agency. The County would offer training to providers to ensure they understand the revised claiming process. We estimate the County would need approximately seven staff to perform the services described in the chart below.

A-C Measure H Functions		
Accounting Functions	Tasks	Fiscal Year 2018-19 Positions Required
General Accounting	Financial Reporting / Preparation of Financial Statements / Account Reconciliations	2
Accounts Payable	Vendor Administration / Contract Review /Funding Request Review and Reconciliation/ Payment of Funding Requests / Establish and Track Encumbrances	4
Cash Management	Cash Flow Monitoring / Managing Advance Requests	1
Total		7

We can work with your office to identify specific positions and funding needed if the Board chooses to have the County assume the functions of administering Measure H Funds. In addition, the County may want to negotiate a new administrative reimbursement model for LAHSA since they would no longer be responsible for issuing payments to providers.

Option 2: Assist LAHSA to Streamline Claiming Process and Provide Training

If the County chooses to keep LAHSA involved in paying providers, County staff can provide assistance in helping to streamline the claiming process, and assist in offering periodic claims training to providers. Consideration should also be given to assist LAHSA in automating the claiming process, which would benefit providers, LAHSA and the County. This would be a long-term solution, but one that will eventually be needed as Measure H funding expands. With this option, there should also be an evaluation of the feasibility of linking provider claim information to eCAPS, which would provide the County with greater visibility into provider use of Measure H funds.

If you have any questions please call me, or your staff may contact Connie Yee at (213) 974-0681.

JN:AB:CY:ra

c: Phil Ansell, Director of the Homeless Initiative, Chief Executive Office

Insourcing Assessment Summary for Strategies Led/Co-Led by LAHSA

Strategy		LAHSA Allocation		Potential Lead Department	Most Feasible Transition Date*	Date by which decision to transition needs to be made
		FY 18-19 (recommended)	FY 19-20 (tentative)			
A1	Homeless Prevention Program for Families	\$6,000,000	\$6,000,000	DPSS or DHS	July 1, 2020	October 2018 (but could be later)
A5	Homeless Prevention Program for Individuals	\$11,000,000	\$11,000,000	DHS	July 1, 2019	October 2018
B3	Partner with Cities to Expand Rapid Re-Housing					
	Adults	\$29,304,982	\$28,116,596	DHS	July 1, 2019	October 2018
	Families	\$17,614,158	\$19,416,667	DPSS or DHS	July 1, 2020	October 2018 (but could be later)
	Transition Age Youth	\$6,389,280	\$6,408,000	DHS	July 1, 2019	October 2018
B7	Interim/Bridge Housing for those Exiting Institutions	\$5,086,000	\$5,597,020**	DHS	July 1, 2019	October 2018
E6	Countywide Outreach System	\$8,108,000	\$7,290,000**	DHS	July 1, 2019	October 2018
E7	Strengthen the Coordinated Entry System (CES)	\$35,500,000	\$35,500,000	None – Not Feasible for County Department to become lead		
E8	Enhance the Emergency Shelter System	\$75,000,000	\$66,981,330**	DHS	July 1, 2019	October 2018
E14	Enhanced Services for Transition Age Youth	\$19,000,000	\$19,200,000	None – Not Feasible for County Department to become lead		

*Most feasible transition date would be based on the expiration date of current contracts for strategy services.

** Projected allocation assumes that LAHSA's share of the overall funding for this co-led strategy in FY 2019-20 would be the same as in FY 2018-19.

A. PREVENT HOMELESSNESS			
A1	Homeless Prevention Program for Families		
Population: Families		FY 2018-19 Recommended LAHSA Allocation	FY 2019-20 Tentative LAHSA Allocation
Current Strategy Lead: LAHSA		\$ 6,000,000	\$6,000,000
Description of Strategy:			
This strategy uses a multi-faceted approach to implement an integrated, comprehensive homeless prevention program to effectively identify, assess, and prevent families from becoming homeless, and divert families in a housing crisis from homelessness. This strategy addresses short-term rental housing subsidies, case management, employment services, and legal services.			
Part I: LAHSA Administration			
1.	Date Strategy was fully implemented: Homeless prevention services for families were first implemented using one-time DPSS Fraud Incentive funding, which will be exhausted by June 30, 2018. Homeless prevention services for families were expanded using Measure H funds through existing contractors.		May 1, 2016
2.	How many individuals have been served under this strategy since Measure H Implementation?		2,191 individuals in families (658 families)
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other)?		
	Source of Funding	Supplemental Amount	Funding Period
	SD 3 discretionary funds for the Solid Ground pilot	\$390,998	Authorized through June 30, 2019
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.):		
	<ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System for Families infrastructure • California Policy Lab (Research partner to assist with evaluating Solid Ground pilot) • Homeless Services Training Academy 		
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes _____ No <u> X </u>		
6.	How many contracted service provider agencies support this strategy? 8		
	What is the end date for current contracts?		
	<ul style="list-style-type: none"> • Supportive Services and Financial Assistances were procured under the CES for Families Request for Proposals (RFP), which was released on January 19, 2017 and the procurement cycle covers three years of funding through June 30, 2020. To ensure no gap in services, the next contracts would need to start on July 1, 2020. • Legal Services were procured under the 2017 Legal Services for Homelessness Prevention RFP, which was released on October 19, 2017. The resulting countywide contract began on March 1, 2018 and will run through June 30, 2021. To ensure no gap in services, the next contract(s) would need start on July 1, 2021. 		
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 0		
	Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 4.42 FTEs		
8.	Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes _____ No <u> X </u>		
9.	Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?		

A. PREVENT HOMELESSNESS	
A1	<p align="center">Homeless Prevention Program for Families</p> <p>This strategy is connected to various strategies, including Strategy B3 - Rapid Rehousing, Strategy E6 - Countywide Outreach System, Strategy E7- Strengthen the Coordinated Entry System, Strategy E8- Enhance the Emergency Shelter System, and Strategy E14 - Enhanced Services for Transition Age Youth.</p> <p>Prevention and diversion have been aligned to operate within the overall family system. It has strong connections to the other services being funded to support families. It allows Los Angeles to intervene and support families before they enter the homeless service system. Services are designed to be accessible and comprehensive, as needed. Homeless Prevention is being connected in many ways to the other support systems within the County of Los Angeles.</p> <p>Diversion is a core component of accessing all services within each strategy. The system looks for ways in which people can use their resources and support networks to resolve their housing crisis before accessing any type of service. This program allows for the provision of specific resources and intervention targeted to quickly and effectively use options outside of the homeless services system.</p>
10.	<p>Other considerations?</p> <ul style="list-style-type: none"> Strategy A1 is tightly integrated with the Coordinated Entry System for Families, which LAHSA has administered for many years, utilizing funding from multiple sources, combining family access centers, crisis and bridge housing, rapid re-housing, and numerous other service referrals for homeless and at-risk families. Strategy A1 diversion programs are being explored with individuals accessing interim housing through Strategy E8. Homeless prevention is the service area with the least amount of evidence-based practice. LAHSA is currently working with researchers, outside technical assistance and providers, to best determine targeting of prevention resources, and evaluate the results. Because the demand far outweighs the resources, the strategy will require data-informed decision-making to optimize what is available.
Part II- Potential Transition Plan	
11.	Department/Agency potentially able to assume lead responsibility for this strategy: The Department of Public Social Services (DPSS) or the Department of Health Services (DHS) could assume lead responsibility for this strategy.
12.	<p>Timeline for Transition:</p> <p>Strategy A1 includes supportive services, financial assistance and legal services. Contracts for supportive services and financial assistance end on June 30, 2020, and legal services contracts end on June 30, 2021. Because the legal services component was secured as part of a solicitation that included legal services for Strategies A5 and E7, it is not feasible to transition the legal services component of Strategy A1.</p> <p>LAHSA would remain the lead for strategy until current supportive services and financial assistance contracts expire in June 2020. Prior to LAHSA contracts expiring, DPSS or DHS would undertake an appropriate procurement process to ensure that strategy services continue with no break in service provision. The ideal timeline for a decision to transition responsibility for this strategy would be October 2018, but could be later.</p>
13.	Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)? Additional staffing resources would be needed to accommodate increased workload in program, contracting and monitoring.
14.	Require involvement of labor representatives: Yes _____ No <u>X</u>
15.	<p>Other considerations?</p> <p>DPSS currently contracts with LAHSA for prevention and homeless assistance programs for CalWORKs families; therefore, if DPSS became the lead agency for this strategy, DPSS would need to terminate its existing contract with LAHSA and directly administer contracts with Coordinated Entry System for Family Lead agencies.</p>

A. PREVENT HOMELESSNESS			
A5	Homeless Prevention Program for Individuals		
Population: ADULTS		FY 2018-19 Recommended LAHSA Allocation	FY 2019-20 Tentative LAHSA Allocation
Current Strategy Lead: LAHSA		\$ 11,000,000	\$11,000,000
Description of Strategy: This strategy uses a multi-faceted approach to implement an integrated, comprehensive homeless prevention program to effectively identify, assess, and prevent individuals from becoming homeless, and divert individuals in a housing crisis from homelessness. This strategy addresses rental housing subsidies, case management, employment services, and legal services.			
Part I: LAHSA Administration			
1.	Date Strategy was fully implemented:		February 2018
2.	How many individuals have been served under this strategy since Measure H Implementation?		Data since implementation will be available in May 2018
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> X		
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.): <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure • Homeless Services Training Academy 		
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> X		
6.	How many contracted service provider agencies provide services through this strategy? 8 What is the end date for current contracts? Funding for Prevention was allocated to existing Adult and Youth Rapid Rehousing contracts with a contract start date of March 1, 2018. These contracts were procured under the Coordinated Entry System Adults and Youth Request for Proposals (RFP) which was released on May 19, 2016. These contracts will end on June 30, 2019. To ensure no gap in services, the next contracts will need to start on July 1, 2019. Legal Services were procured as a separate RFP, which was released on October 19, 2017. The resulting contract took effect on March 1, 2018. This contract will end on June 30, 2021. To ensure no gap in services, the next contract(s) will need to start on July 1, 2021.		
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 0 Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 8 FTEs		
8.	Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> X		
9.	Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department? This strategy is connected to various strategies, including Strategy A1- Homeless Prevention for Families, Strategy B3- Rapid Rehousing, Strategy E6 -Countywide Outreach System, Strategy E7 -Strengthen the Coordinated Entry System, Strategy E8 - Enhance the Emergency Shelter System, and Strategy E14 - Enhanced Services for Transition Age Youth. Prevention and diversion have been aligned to operate within the overall adult system. This strategy has strong connections to the other services being funded to support individuals. It allows Los Angeles to intervene and support individuals before they enter the homeless service system. Services are designed to be accessible and comprehensive as needed. Homeless Prevention is being connected in many ways to the other support systems within the County of Los Angeles. Diversion is a core component of accessing all services within each strategy. The system looks for ways in which people can use their resources and support networks to resolve their housing crisis before accessing any type of service. This program allows us to provide specific resources and intervention targeted to quickly and effectively use options outside of the homeless services system.		

A. PREVENT HOMELESSNESS	
A5	Homeless Prevention Program for Individuals
10.	<p>Other considerations?</p> <ul style="list-style-type: none"> Strategy A5 is tightly integrated with existing Coordinated Entry System service contracts, including Strategy B3. Adult and youth rapid re-housing providers received contract amendments adding in prevention funding. Services are being implemented; however, services are new and do not have significant performance data. Strategy A5 Diversion programs are being explored with individuals accessing interim housing through Strategy E8. Homeless prevention is the service area with the least amount of evidence-based practice. LAHSA is currently working with researchers, outside technical assistance and providers, to best determine targeting of prevention resources, and evaluate the results. Because the demand far outweighs the resources, the strategy will require data-informed decision-making to optimize what is available.
Part II- Potential Transition Plan	
11.	Department/Agency potentially able to assume lead responsibility for this strategy: Department of Health Services (DHS) could assume responsibility for Strategy A5 serving adults.
12.	<p>Timeline for Transition:</p> <p>Strategy A5 includes legal services. Because the legal services component was secured as part of a solicitation that included legal services for Strategies A1 and E7, it is not feasible to transition the legal services component of Strategy A5.</p> <p>LAHSA would remain lead for strategy until current contracts expire in June 2019. Prior to LAHSA contracts expiring, DHS would undertake an appropriate process to ensure that strategy services continue with no break in service provision. A decision to transition lead responsibility effective July 1, 2019 should be made by October 2018.</p>
13.	<p>Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)?</p> <ul style="list-style-type: none"> Additional staffing resources would be needed to accommodate increased workload. Additional office space may be needed to accommodate additional staff.
14.	Require involvement of labor representatives: Yes _____ No <u>X</u>
15.	<p>Other considerations?</p> <p>DHS would be able to ensure connection to appropriate health care and connections to other strategies/services such as, Countywide Benefits Entitlement Services Teams and Whole Person Care, as necessary.</p>

B. SUBSIDIZE HOUSING														
B3	Expand Rapid Rehousing													
Population: Adults	FY 2018-19 Recommended LAHSA Allocation	FY 2019-20 Tentative LAHSA Allocation												
Current Strategy Lead (s): LAHSA and DHS (Allocation for Adult Population only)	\$29,304,982	\$28,116,596												
Description of Strategy:														
Strategy B3 provides individuals and families experiencing homelessness with time-limited rental subsidies and supportive services, enabling them to quickly secure housing and assisting them to pay their rent until they can increase their income and cover the costs on their own.														
Part I: LAHSA Administration														
1.	Date Strategy was fully implemented?	Date Implemented: October 1, 2016												
2.	How many individuals have been served under this strategy since Measure H Implementation?	2,214 (adults served by LAHSA)												
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other)?													
	<table border="1"> <thead> <tr> <th>Source of Funding</th> <th>Amount</th> <th>Funding Period</th> </tr> </thead> <tbody> <tr> <td>HUD CoC</td> <td>\$ 3,430,947</td> <td>Contracts are renewed on an annual basis with staggered dates throughout the year. Grants are being transitioned to Measure H and will be aligned with the fiscal year. The CoC funding will instead be used for ongoing rental subsidies for permanent supportive housing.</td> </tr> <tr> <td>State Emergency Solutions Grant</td> <td>\$ 1,000,000</td> <td>Fiscal Year (FY) 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.</td> </tr> <tr> <td>City General Fund</td> <td>\$ 750,000</td> <td>FY 2017-18 allocation. Expected to continue at same level for FY 2018-19</td> </tr> </tbody> </table>		Source of Funding	Amount	Funding Period	HUD CoC	\$ 3,430,947	Contracts are renewed on an annual basis with staggered dates throughout the year. Grants are being transitioned to Measure H and will be aligned with the fiscal year. The CoC funding will instead be used for ongoing rental subsidies for permanent supportive housing.	State Emergency Solutions Grant	\$ 1,000,000	Fiscal Year (FY) 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.	City General Fund	\$ 750,000	FY 2017-18 allocation. Expected to continue at same level for FY 2018-19
Source of Funding	Amount	Funding Period												
HUD CoC	\$ 3,430,947	Contracts are renewed on an annual basis with staggered dates throughout the year. Grants are being transitioned to Measure H and will be aligned with the fiscal year. The CoC funding will instead be used for ongoing rental subsidies for permanent supportive housing.												
State Emergency Solutions Grant	\$ 1,000,000	Fiscal Year (FY) 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.												
City General Fund	\$ 750,000	FY 2017-18 allocation. Expected to continue at same level for FY 2018-19												
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.):													
	<p>The following additional Resources support this strategy:</p> <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • LA RISE Pilot – Supportive Employment for Rapid Rehousing participants in SPAs 2,4,6 • Harvard Government Performance Lab provides research and evaluation. • Abt Associates provide quarterly rapid re-housing boot camps. • Homeless Services Training Academy • Tableau dashboards to monitor outcomes on an individual contract basis 													
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes _____ No <u>X</u>													
6.	How many contracted services provider agencies support this strategy? 15													
	What is the end date for current contracts?													
	Rapid Rehousing for Adults was procured under the Coordinated Entry System for Adults and Youth RFP which was released on May 19, 2016, and the resulting contracts will end on June 30, 2019. Shallow Subsidies is also a component of Strategy B3, but this component has not yet been procured.													
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 0													
	Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 45 FTEs													

B. SUBSIDIZE HOUSING**B3****Expand Rapid Rehousing**

8. Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes _____ No X
9. Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?
- This strategy is connected to various strategies, including Strategy A5 - Homeless Prevention for Individuals, Strategy B7 - Interim/Bridge Housing for those Exiting Institutions, Strategy E6 - Countywide Outreach System, Strategy E7- Strengthen the Coordinated Entry System, and Strategy E8, Enhance the Emergency Shelter System.
- LAHSA has braided funding through multiple resources to create a strong system of rapid re-housing for adults. It is designed to work on a continuum that engages, triages and effectively moves people from street, to interim housing into permanent housing. Connections and processes have been established to optimize resources working in conjunction with each other.
- LAHSA is in the process of transitioning CoC rapid re-housing contracts to Measure H funding, so that the CoC funding can be utilized for ongoing rental subsidies for permanent supportive housing. The process and timing for this is sequenced throughout the fiscal year based on when contracts for CoC Rapid Rehousing services expire.
10. Other considerations?
- Rapid Re-Housing is a core element of the Family, Single and Youth CES and the B3 strategy funding is blended with multiple additional funding sources in countywide contracts.
 - LAHSA has an array of performance management, assessment, technical assistance and monitoring infrastructure to manage this complex program.
 - LAHSA has expertise on other sources of funding to successful blend programmatic requirements to enhance and enrich the services that Measure H funding provides.
 - LAHSA has delivered high-performance results under the Rapid Re-Housing program for the County over two years.
 - LAHSA is in the process of transitioning all CoC funded rapid re-housing to Measure H funding. This allows for increased programmatic flexibility and allows Los Angeles to match services through strategy D7 to federally funded rental assistance to create long term sustainable PSH.

Part II- Potential Transition Plan

11. Department/Agency potentially able to assume lead responsibility for this strategy: Department of Health Services (DHS), as current co-lead, can assume full responsibility for Strategy B3 serving adults.
12. Timeline for Transition:
LAHSA would remain lead for strategy until current contracts expire in June 30, 2019. Prior to LAHSA contracts expiring, DHS would undertake an appropriate process to ensure that strategy services continue with no break in service provision. A decision to transition lead responsibility would need to be made by October 2018.
13. Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)?
- Additional staffing resources would be needed to accommodate increased workload.
 - Additional office space may be needed to accommodate additional staff.
 - Work order amendment with Brilliant Corners to accommodate additional referrals.
14. Require involvement of labor representatives: Yes _____ No X
15. Other considerations?
DHS will be able to ensure connection to appropriate health care and ongoing case management, as needed, and connection to Countywide Benefits Entitlement Services Team and Whole Person Care, if necessary.

B. SUBSIDIZE HOUSING																				
B3	Expand Rapid Rehousing																			
Population: Families	FY 2018-19 Recommended LAHSA Allocation for Families	FY 2019-20 Tentative LAHSA Allocation for Families																		
Current Strategy Lead: LAHSA	\$17,614,158	\$19,416,667																		
Description of Strategy: Strategy B3 provides individuals and families experiencing homelessness with time-limited rental subsidies and supportive services, enabling them to quickly secure housing and assisting them to pay their rent until they can increase their income and cover the costs on their own.																				
Part I: LAHSA Administration																				
1.	Date Strategy was fully implemented:	October 1, 2016																		
2.	How many families have been served under this strategy since Measure H Implementation?	1,503																		
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other?)																			
	<table border="1"> <thead> <tr> <th>Source of Funding</th> <th>Supplemental Amount</th> <th>Funding Period</th> </tr> </thead> <tbody> <tr> <td>County Emergency Solutions Grant</td> <td>\$ 500,087</td> <td>Fiscal Year (FY) 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.</td> </tr> <tr> <td>DPSS CalWORKs (Welfare to Work)</td> <td>\$ 5,932,200</td> <td>Annual allocation based on 3-year contract with DPSS</td> </tr> <tr> <td>HUD CoC</td> <td>\$ 7,754,888</td> <td>Contracts are renewed on an annual basis with staggered dates throughout the year.</td> </tr> <tr> <td>City Emergency Solutions Grant</td> <td>\$ 1,204,163</td> <td>FY 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.</td> </tr> <tr> <td>City General Fund</td> <td>\$ 556,625</td> <td>FY 2017-18 annual allocation. Expected to continue at same level in FY 2018-19.</td> </tr> </tbody> </table>	Source of Funding	Supplemental Amount	Funding Period	County Emergency Solutions Grant	\$ 500,087	Fiscal Year (FY) 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.	DPSS CalWORKs (Welfare to Work)	\$ 5,932,200	Annual allocation based on 3-year contract with DPSS	HUD CoC	\$ 7,754,888	Contracts are renewed on an annual basis with staggered dates throughout the year.	City Emergency Solutions Grant	\$ 1,204,163	FY 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.	City General Fund	\$ 556,625	FY 2017-18 annual allocation. Expected to continue at same level in FY 2018-19.	
Source of Funding	Supplemental Amount	Funding Period																		
County Emergency Solutions Grant	\$ 500,087	Fiscal Year (FY) 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.																		
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HUD CoC	\$ 7,754,888	Contracts are renewed on an annual basis with staggered dates throughout the year.																		
City Emergency Solutions Grant	\$ 1,204,163	FY 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.																		
City General Fund	\$ 556,625	FY 2017-18 annual allocation. Expected to continue at same level in FY 2018-19.																		
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.): The following additional resources support this strategy: <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • LA RISE Pilot – Supportive Employment for Rapid Rehousing participants in SPAs 2,4,6 • Harvard Government Performance Lab provides research and evaluation. • Abt Associates provide quarterly rapid re-housing boot camps, • Homeless Services Training Academy • Tableau dashboards to monitor outcomes on an individual contract basis 																			
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes _____ No <u>X</u> _____																			
6.	How many contracted service providers support this strategy? 8 What is the end date for current contracts? Rapid Rehousing for Families was procured under the Coordinated Entry System for Families RFP, which was released on 1/19/2017. The resulting contracts will end on June 30, 2020. To ensure no gap in services, the next contract(s) would need start on July 1, 2020.																			
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 0 Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 10 FTEs																			
8.	Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes _____ No <u>X</u> _____ (Please describe, if applicable)																			
9.	Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?																			

B. SUBSIDIZE HOUSING	
B3	<p align="center">Expand Rapid Rehousing</p> <p>This strategy is connected to various strategies, including Strategy A1 - Homeless Prevention for Families, Strategy E6 - Countywide Outreach System, Strategy E7 - Strengthen the Coordinated Entry System, Strategy E8 - Enhance the Emergency Shelter System, and Strategy E14, Enhanced Services for Transition Age Youth.</p> <p>LAHSA has braided funding through multiple resources to create a strong system of rapid re-housing for families. It is built within a system that has families linked with both interim housing supports to address their needs and links them with rapid re-housing resources to resolve their housing needs. This is a well-constructed model that has been recognized by the United States Interagency Council on Homelessness.</p> <p>LAHSA is in the process of transitioning CoC rapid re-housing contracts to Measure H funding so that the CoC funding can be utilized for ongoing rental subsidies for permanent supportive housing. The process and timing for this is sequenced throughout FY 2018-19 based on when contracts for CoC Rapid Rehousing services expire.</p>
10.	<p>Other considerations?</p> <ul style="list-style-type: none"> ○ Rapid Re-Housing is a core element of the Family, Single and Youth CES and the B3 strategy funding is blended with multiple additional funding sources in countywide contracts. ○ LAHSA has an array of performance management, assessment, technical assistance and monitoring infrastructure to manage this complex program. ○ LAHSA has expertise on other sources of funding to successfully blend programmatic requirements to enhance and enrich the services that Measure H funding provides. ○ LAHSA has delivered high-performance results under the Rapid Re-Housing for Families program for the County for many years. In the family system this has been a core strategy that has led to a decline in the number of families experiencing homelessness in two of the past three homeless counts. ○ LAHSA is in the process of transitioning all CoC funded rapid re-housing to Measure H funding. This allows for increased programmatic flexibility and allows Los Angeles to match services through strategy D7 to federally funded rental assistance to create long term sustainable PSH.
Part II- Potential Transition Plan	
11.	Department/Agency potentially able to assume lead responsibility for this strategy: The Department of Public Social Services (DPSS) or the Department of Health Services (DHS) could assume lead responsibility for this strategy.
12.	<p>Timeline for Transition:</p> <p>LAHSA would remain lead for strategy until current contracts expire in June 30, 2020. Prior to LAHSA contracts expiring, DPSS or DHS would undertake an appropriate process to ensure that strategy services continue with no break in service provision. The ideal timeline for a decision to transition responsibility for this strategy would be October 2018, but could be later.</p>
13.	Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)? Additional staffing resources would be needed to accommodate increased workload in program, contracts and monitoring.
14.	Require involvement of labor representatives: Yes _____ No <u> X </u>
15.	<p>Other considerations?</p> <p>DPSS currently contracts with LAHSA for prevention and homeless assistance programs for CalWORKs families; therefore, if DPSS were to become the lead agency, DPSS would need to terminate its existing contract with LAHSA and directly-administer contracts with Coordinated Entry System for Family Lead agencies.</p> <p>If DHS were to become the lead agency, DPSS could maintain its contract with LAHSA and LAHSA could maintain its service provider contracts.</p>

B. SUBSIDIZE HOUSING			
B3	Expand Rapid Rehousing		
Population: Youth		FY 2018-19 Recommended LAHSA Allocation for Youth	FY 2019-20 Tentative LAHSA Allocation for Youth
Current Strategy Lead: LAHSA		\$6,389,280	\$6,408,000
Description of Strategy:			
Strategy B3 provides individuals, youth and families experiencing homelessness with time-limited rental subsidies and supportive services, enabling them to quickly secure housing and assisting them to pay their rent until they can increase their income and cover the costs on their own.			
Part I: LAHSA Administration			
1.	Date Strategy was fully implemented		October 1, 2016
2.	How many youth have been served under this strategy since Measure H Implementation?		135
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other)?		
	Source of Funding	Supplemental Amount	Funding Period
	HUD CoC	\$651,665	Contracts are renewed on an annual basis with staggered dates throughout the year.
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.):		
	The following additional resources support this strategy:		
	<ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • LA RISE Pilot – Supportive Employment for Rapid Rehousing participants in SPAs 2,4,6 • Harvard Government Performance Lab provides research and evaluation. • Abt Associates provide quarterly rapid re-housing boot camps. • Homeless Services Training Academy • Tableau dashboards to monitor outcomes on an individual contract basis 		
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes _____ No <u>X</u>		
6.	How many contracted service provider agencies support this strategy? 11		
	What is the end date for current contracts?		
	Rapid Rehousing for Youth was allocated to existing Adult and Youth Rapid Rehousing contracts with a contract start date of March 1, 2018. These contracts will end on June 30, 2019. To ensure no gap in services, the next contract(s) will need to start on July 1, 2019.		
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 0		
	Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 10 FTEs		
8.	Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes _____ No <u>X</u>		
9.	Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?		
	This strategy is connected to various strategies, including Strategy A1- Homeless Prevention for Families, Strategy A4- Discharges from Foster Care and Probation, Strategy A5- Homeless Prevention for Adults, Strategy B7- Interim/Bridge Housing for Those Exiting Institutions, Strategy E6 - Countywide Outreach System, Strategy E7- Strengthen the Coordinated Entry System, Strategy E8- Enhance the Emergency Shelter System, and Strategy E14- Enhanced Services for Transition Age Youth.		

B. SUBSIDIZE HOUSING	
B3	Expand Rapid Rehousing
	LAHSA in the process of transitioning CoC rapid re-housing contracts to Measure H funding so that the CoC funding can be utilized for ongoing rental subsidies for permanent supportive housing. The process and timing for this is sequenced throughout the fiscal year based on when contracts for CoC Rapid Rehousing services expire.
10.	<p>Other considerations?</p> <ul style="list-style-type: none"> ○ Rapid Re-Housing is a core element to the Family, Single and Youth CES and the B3 strategy funding is blended with multiple additional funding sources in countywide contracts. ○ LAHSA has an array of performance management, assessment, technical assistance and monitoring infrastructure to manage this complex program. ○ LAHSA has expertise on other sources of funding to successfully blend programmatic requirements to enhance and enrich the services that Measure H funding provides. ○ LAHSA has delivered high-performance results under the Rapid Re-Housing for Families program for the County. ○ LAHSA is in the process of transitioning all CoC funded rapid re-housing to Measure H funding. This allows for increased programmatic flexibility and allows Los Angeles to match services through strategy D7 to federally funded rental assistance to create long term sustainable PSH.
Part II- Potential Transition Plan	
11.	Department/Agency potentially able to assume lead responsibility for this strategy: The Department of Health Services (DHS) could assume lead responsibility for this strategy serving transition age youth.
12.	<p>Timeline for Transition:</p> <p>LAHSA would remain lead for strategy until the current contracts expire in June 2019. Prior to LAHSA contracts expiring, DHS would undertake an appropriate process to ensure that strategy services continue with no break in service provision. A decision to transition lead responsibility would need to be made by October 2018.</p>
13.	<p>Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)?</p> <ul style="list-style-type: none"> • Additional staffing resources would be needed to accommodate increased workload. • Additional office space may be needed to accommodate additional staff. • Work order amendment with Brilliant Corners to accommodate additional referrals.
14.	Require involvement of labor representatives: Yes _____ No <u> X </u>
15.	<p>Other considerations?</p> <p>DHS will be able to ensure connection to appropriate health care and ongoing case management and connection to Whole Person Care, if necessary.</p>

B. SUBSIDIZE HOUSING		
B7	INTERIM/BRIDGE HOUSING FOR THOSE EXITING INSTITUTIONS	
Population: Adults	FY 2018-19 Recommended LAHSA Allocation	FY 2019-20 Tentative LAHSA Allocation*
Strategy Lead (s): LAHSA, DHS, DMH, DPH	\$ 5,086,000	\$ 5,597,020
<p>* Projected allocation assumes that LAHSA's share of the overall funding for this co-led strategy in FY 2019-20 would be the same as in FY 2018-19.</p>		
Description of Strategy:		
<p>Strategy B7 provides Bridge Housing beds to serve homeless individuals and youth exiting institutions such as jails, hospitals (both County and private), foster care, substance abuse treatment facilities and mental health facilities. Strategy B7 beds include robust services and the goal is to move clients to transitional or permanent housing upon exit.</p>		
Part I: LAHSA Administration		
1.	Date Strategy was fully implemented:	October 1, 2016
2.	How many have been served under this strategy since Implementation of Measure H?	198 (July 2017-December 2017)
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other?) Yes ___ No <u>X</u>	
4.	<p>Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.):</p> <p>The following additional Resources support this strategy:</p> <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • The Los Angeles Bed Availability Application • Harvard Government Performance Lab provides research and evaluation. • HUD Technical Assistance Lead Training • Homeless Services Training Academy • Tableau dashboards to monitor outcomes on an individual contract basis 	
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes ___ No <u>X</u>	
6.	<p>How many contracted service providers support this strategy? 11</p> <p>What is the end date for current contracts?</p> <p>Interim/Bridge Housing for Those Exiting Institutions was allocated to existing Adult and Youth Rapid Rehousing contracts with a contract start date of March 1, 2018. These contracts were procured under the Adult and Youth RFP which was released on May 19, 2016. These contracts end on June 30, 2019. To ensure no gap in services, the next contract(s) will need to start on July 1, 2019.</p>	
7.	<p>Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): . 2 FTE</p> <p>New Position Projected for FY 2018-19: One (1) FTE - LAHSA B7 Matcher</p> <p>Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 2.44 FTEs</p>	
8.	Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes ___ No <u>X</u>	
9.	<p>Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?</p> <p>This strategy is connected to various strategies, including Strategy A5 - Homeless Prevention for Individuals, Strategy B3 - Rapid Rehousing for Adults, Strategy E6 - Countywide Outreach System, Strategy E7 - Strengthen the Coordinated Entry System, Strategy E8 - Enhance the Emergency Shelter System, and Strategy E14, Enhanced Services for Transition Age Youth.</p> <p>Strategies B7 and E8 interim housing settings are intended to be a central access point to an integrated Coordinated Entry System, whereby system partners and stakeholders (including County institutions, first responders, other institutions, Health Agency outreach teams, etc.), can quickly and easily obtain safe, stable, and accessible interim housing opportunities for all persons in need of shelter and services. As part of the implementation of the strategies, LAHSA has lead on a number of efforts to enhance the services of Strategies B7 and E8-funded interim housing sites, as well as, improving the systems coordination necessary for the strategies and systems partners to collectively accomplish the goals of the strategies.</p>	

B. SUBSIDIZE HOUSING	
B7	INTERIM/BRIDGE HOUSING FOR THOSE EXITING INSTITUTIONS
	As administered and programmed, Strategies B7 and E8 co-led interim housing programs are made accessible to persons identified by Strategy E6 Outreach teams, as well as those identified through Regional Coordination, Housing Navigation, CES Matchers, etc., funded by the E7 and E14 strategies. Once in Strategies B7 and E8 interim housing settings, participants are prioritized for CES-funded programs and CES-structural supports, including Strategy B3-funded Rapid Rehousing programs and Housing Navigation services funded through Strategies E7 and E14.
10.	<p>Other considerations?</p> <p>LAHSA-led Interim Housing enhancements accomplished/in process:</p> <ul style="list-style-type: none"> • Shelter Bed Availability App (i.e. real-time bed availability) • HOP (Outreach App) • Hiring of "Air-Traffic Controller," i.e. Interim Housing Placement Coordinator • Improved coordination between Outreach and Interim Housing • Facilitation of cross-system interim housing placements (i.e. amongst/between LAHSA and Health Agency). • Establishment of holistic, "Step-up/Step-down" model to prioritize persons for LAHSA and Health Agency beds based on need. • Creation of standardized, uniform referral processes across systems • Creation of universal, common documentation across systems • TA/Best Practices training provided to LAHSA, subcontractors, and system partners. Provided in-house by LAHSA, and through contract with TA Providers (Abt Associates, Housing Innovations, etc.), on Trauma Informed Care, Non-Violent Crisis Intervention, Housing First, Harm Reduction, and other topics. • Active Contract Management, under guidance of Harvard Government Performance Lab • Tableau dashboards to track and monitor program performance. • Provider/peer Learning Communities • Improved performance – shortened lengths of stay, increased exits to permanent housing, reductions in unknown exits
Part II- Potential Transition Plan	
11.	Department/Agency potentially able to assume lead responsibility for this strategy: Department of Health Services (DHS), as current co-lead, could assume the LAHSA share of responsibility for Strategy B7, and continue to co-lead with the Departments of Mental Health and Public Health.
12.	<p>Timeline for Transition:</p> <p>LAHSA would remain lead for strategy until current contracts expire in June 2019. Prior to LAHSA contracts expiring, DHS would undertake an appropriate process to ensure that strategy services continue with no break in service provision. A decision to transition lead responsibility would need to be made by October 2018.</p>
13.	<p>Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)?</p> <ul style="list-style-type: none"> • Additional staffing resources would be needed to accommodate increased workload. • Additional office space may be needed to accommodate additional staff. • Work order amendment with Brilliant Corners to accommodate additional referrals.
14.	Require involvement of labor representatives: Yes _____ No <u>X</u>
15.	<p>Other considerations?</p> <p>DHS will be able to ensure connection to appropriate health care and ongoing case management, including connections as needed to other strategies/services, such as, Countywide Benefits Entitlement Services Teams and/or Whole Person Care.</p>

E. CREATE A COORDINATED SYSTEM			
E6	COORDINATED OUTREACH SYSTEM		
Population: ALL		FY 2018-19 Recommended LAHSA Allocation	FY 2019-20 Tentative LAHSA Allocation
Current Strategy Lead (s): LAHSA and DHS <i>*Projected allocation assumes that LAHSA's share of the overall funding for this co-led strategy in FY 2019-20 would be the same as in FY 2018-19</i>		\$ 8,108,000	\$ 7,290,000*
Description of Strategy:			
Strategy serves to coordinate multidisciplinary and integrated street-based teams known as Homeless Engagement Teams. The goal is to identify, engage and connect and/or re-connect individuals experiencing homelessness to interim and permanent housing and supportive services. Case management is also provided as part of Strategy E6, until the person is placed in interim or permanent housing.			
Part I: LAHSA Administration			
1.	Date Strategy was fully implemented		March 2017
2.	How many individuals have been served under this strategy since Measure H Implementation?		2,956 individuals contacted** 1,519 engaged** (July 2017-December 2017)
** contact/engagement initiated by LAHSA Homeless Engagement Teams and/or CES Outreach			
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other?) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
	Source of Funding	Supplemental Amount	Funding Period
	County General Fund	\$ 1,348,000	Fiscal Year (FY) 2017-18 allocation. Expected to continue at same level for FY 2018-19.
	County Emergency Solutions Grant	\$ 102,770	FY 17-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.
	City General Fund	\$ 2,500,061	FY 2017-18 allocation. Expected to continue at same level for FY 2018-19.
	State Emergency Solutions Grant	\$ 401,049	FY 17-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.): The following additional Resources support this strategy: <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • LA RISE Pilot – Supportive Employment for RRH participants in SPAs 2,4,6 • Harvard Government Performance Lab research and evaluation. • Los Angeles Homeless Outreach Portal to connect LA's community stakeholders and first responders to outreach resources. • Law enforcement teams have been integrated into outreach efforts. • Multiple cities have provided space for outreach to collocate to effectively serve all communities. • Homeless Services Training Academy 		
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
6.	How many contracted service provider agencies are supporting this strategy? 10 What is the end date for current contracts? Outreach for all populations was procured under the Coordinated Entry System for Adults and Youth RFP. The resulting contract(s) will end on June 30, 2019.		
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 38 1 FTE – Outreach Coordinator 1 FTE – Manager, CES Access 5 FTE – Homeless Engagement Team Supervisor 31 FTE – Homeless Engagement Team Member Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 5 FTEs		

E. CREATE A COORDINATED SYSTEM**E6****COORDINATED OUTREACH SYSTEM**

8. Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes _____ No X
9. Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?
 This strategy leverages resources from many other strategies including Strategy A1 - Homeless Prevention Program For Families, Strategy A5 - Homeless Prevention for Individuals, Strategy B3 - Rapid Rehousing for Adults, Strategy B7 - Interim/Bridge Housing for those Exiting Institutions, Strategies C4/C5/C6 - Countywide Benefits Entitlement Services Teams, Strategy E7 - Strengthen the Coordinated Entry System, Strategy E8 - Enhance the Emergency Shelter System and Strategy E14 - Enhanced Services for Transition Age Youth.
10. Other considerations?
- Increased outreach services are having a significant impact as they've ramped up over the last 10 months. The outreach network now has an array of interim housing and permanent housing resources to be able to more effectively serve the people they engage.
 - Staff are being provided standardized, expert-lead trainings on street based services to build core competencies at all levels: peer support; generalist; clinical; etc. These trainings are being done collaboratively between LAHSA, DHS and DMH to ensure that the approach is unified.
 - Outreach is a core element of the CES and the Strategy E6 funding is being integrated into the system to ensure flow and successful connections from the street to strategies funded through Measure H.
 - Measure H has created the collaboration necessary to pull together location-based countywide mapping of all outreach activities for the first time. This countywide coordination is led by LAHSA, DHS and DMH, but reaches beyond the boundaries of any one department. The level of coordination is truly unprecedented and wouldn't be possible without all three lead agencies working together.

Part II- Potential Transition Plan

11. Department/Agency potentially able to assume lead responsibility for this strategy: Department of Health Services (DHS), as current co-lead, could assume some or all of the LAHSA share of responsibility for Strategy E6.
12. Timeline for Transition:
 LAHSA would remain lead for strategy until current contracts expire in June 30, 2019. Prior to LAHSA contracts expiring, DHS would undertake appropriate process to ensure that strategy services continue with no break in service provision. A decision to transition lead responsibility would need to be made by October 2018.
13. Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)?
- Additional staffing resources would be needed to accommodate increased workload.
 - Additional office space may be needed to accommodate additional staff.
14. Require involvement of labor representatives: Yes X No X (Dependent on workload assumed)
 Inform: _____ Meet and Consult: X Negotiate _____
 This would depend on which responsibilities DHS would fulfill and how they would be fulfilled. If DHS assumed responsibility for the Homeless Engagement Teams and sought to use DHS employees for those teams, consultation with labor representatives would be required. Otherwise, no consultation would be required with labor representatives.
15. Other considerations?
 DHS will be able to ensure connection to appropriate health care and ongoing case management, including connection to other strategies/services, such as, Countywide Entitlement Services Teams and Whole Person Care, as necessary.
 DHS could contract with LAHSA for continued oversight of the Homeless Engagement Teams.

E. CREATE A COORDINATED SYSTEM																	
E7	STRENGTHEN THE COORDINATED ENTRY SYSTEM																
Population: ALL		FY 2018-19 Recommended LAHSA Allocation															
Current Strategy Lead: LAHSA		FY 2019-20 Tentative LAHSA Allocation															
		\$ 35,500,000															
		\$35,500,000															
Description of Strategy: This strategy supports the infrastructure of the entire Coordinated Entry System (CES). The components such as regional coordination (includes CES Directors and CES Data Directors), housing navigation, housing location, capacity building, and agency training help to strengthen the overall operations of the System and linkages to the broader Crisis Response System. Component programs such as representative payee and legal services provide additional service capacity to support participants served within CES. Many of these strategies are not participant facing; therefore, program enrollment numbers may not be available or projected for all components of this strategy																	
Part I: LAHSA Administration																	
1.	Date Strategy was fully implemented:	July 1, 2017															
2.	How many have been served under this strategy since Measure H Implementation?	13,976 individuals were assessed through CES July 2017 – December 2017															
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other?) Yes <u>X</u> No <u> </u>																
	<table border="1"> <thead> <tr> <th>Source of Funding</th> <th>Supplemental Amount</th> <th>Funding Period</th> </tr> </thead> <tbody> <tr> <td>County General Fund</td> <td>\$1,214,019</td> <td>Fiscal Year (FY) 2017-18 allocation. Expected to continue at same level in FY 2018-19.</td> </tr> <tr> <td>County Emergency Solutions Grant</td> <td>\$ 140,750</td> <td>FY 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.</td> </tr> <tr> <td>City General Fund</td> <td>\$ 700,000</td> <td>FY 2017-18 allocation. Expected to continue at same level in FY 2018-19.</td> </tr> <tr> <td>City Community Development Block Grant</td> <td>\$ 80,000</td> <td>FY 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.</td> </tr> </tbody> </table>	Source of Funding	Supplemental Amount	Funding Period	County General Fund	\$1,214,019	Fiscal Year (FY) 2017-18 allocation. Expected to continue at same level in FY 2018-19.	County Emergency Solutions Grant	\$ 140,750	FY 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.	City General Fund	\$ 700,000	FY 2017-18 allocation. Expected to continue at same level in FY 2018-19.	City Community Development Block Grant	\$ 80,000	FY 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.	
Source of Funding	Supplemental Amount	Funding Period															
County General Fund	\$1,214,019	Fiscal Year (FY) 2017-18 allocation. Expected to continue at same level in FY 2018-19.															
County Emergency Solutions Grant	\$ 140,750	FY 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.															
City General Fund	\$ 700,000	FY 2017-18 allocation. Expected to continue at same level in FY 2018-19.															
City Community Development Block Grant	\$ 80,000	FY 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.															
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.): The following additional Resources support this strategy: <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • LA RISE Pilot – Supportive Employment for RRH participants in SPAs 2,4,6 • Harvard Government Performance Lab research and evaluation. • Technical Assistance through USC Center for Artificial Intelligence in Society. • Homeless Services Training Academy • Tableau dashboards are in creation to monitor and review system level outcomes for CES 																
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes <u> </u> No <u>X</u>																
6.	How many contracted service providers are supporting this strategy? 23 What is the end date of current contracts? Strategy E7, Strengthen the Coordinated Entry System includes various components, as follows: <ul style="list-style-type: none"> • Regional Coordination and Housing Navigation for Adults and Youth was procured under the Coordinated Entry System for Adults and Youth RFP. These contracts will end June 30, 2019. To ensure no gap in services, the next contracts will need to start on July 1, 2019. • Regional Coordination and Housing Navigation for Families was procured under the Coordinated Entry System for Families RFP. These contracts will end June 30, 2020. To ensure no gap in services, the next contracts will need to start on July 1, 2020. • Housing Navigation for Youth for three SPAs was procured under the 2017 Coordinated Entry System (CES) Expansion for Adults, Transition Age Youth (TAY) and TAY Families. These contracts are aligned with the CES Contracts' end date of June 30, 2019. To ensure no gap in services, the next contracts will need to start on July 1, 2019. • Housing Location for All Populations was procured under the 2018 Housing Location Services Program. These contracts are aligned with the CES for Families Contracts which end on June 30, 2020. To ensure no gap in services, the next contract(s) will need to start on July 1, 2020. 																

E. CREATE A COORDINATED SYSTEM	
E7	STRENGTHEN THE COORDINATED ENTRY SYSTEM
	<ul style="list-style-type: none"> Representative Payee for All Populations was procured under the 2018 Organizational Representative Payee RFP. These contracts are aligned with the CES for Families Contracts which end on June 30, 2020. To ensure no gap in services, the next contracts will need to start on July 1, 2020. Access Centers were procured under the 2017 Coordinated Entry System (CES) Expansion for Adults, TAY and TAY Families. These contracts will be provided with an additional year of funding to allow for full implementation and will end on June 30, 2020. To ensure no gap in services, the next contracts will need to start on July 1, 2020. Legal Services were procured under the 2017 Legal Services for Homelessness Prevention RFP. These contracts will end June 30, 2021. To ensure no gap in services, the next contract(s) will need to start on July 1, 2021. Capacity Building was procured under the 2017 Capacity Building/Technical Assistance RFP. These contracts will end on June 30, 2021. To ensure no gap in services, the next contract(s) will need to start on July 1, 2021.
7.	<p>Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 4</p> <p>1 FTE – Capacity Building Manager 1 FTE – Capacity Building Coordinator 1 FTE – DV/IVP Coordinator 1 FTE – Capacity Building Coordinator</p> <p>Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 37 FTEs</p>
8.	<p>Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>(Please describe, if applicable) LAHSA is the Los Angeles County Continuum of Care (CoC) lead. There are parts of this strategy that directly address HUD requirements around coordinated assessment and a coordinated entry system.</p>
9.	<p>Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?</p> <p>This strategy is at the core of every strategy that provides services to Adults and Families experiencing homelessness. It is the central hub for assessing and evaluating an individual or family's needs to make appropriate referrals to housing and/or other resources. Strategies that leverage CES include: A1, A5, B3, B4, B7, C4, C5, C6, D7, E6, E8, and E14</p>
10.	<p>Other considerations?</p> <ul style="list-style-type: none"> Services within Strategy E7 support the work being implemented by all homeless services funding. These supports include increasing coordination and capacity of homeless service agencies to be able to effectively provide services and adjust to increased funding and demand through Measure H. LAHSA is the Los Angeles County CoC lead and responsible for developing and implementing a Coordinated Entry System (CES) in LA. Currently a group is being facilitated by LAHSA and Abt Associates to create CES policies and procedures to ensure that LA is following HUD requirements to continue to receive \$106 million in annual federal funds from HUD. The full development of the CES infrastructure has been led by LAHSA with a strong community involvement process including the County, City and philanthropy to get to where it currently is. LAHSA has expertise in managing and ensuring that such a large-scale structure can respond to emerging community needs. This strategy contains funding for four different service types (housing location, legal services, representative payee and access centers) for which LAHSA released a competitive solicitation and started new programs within this year. A considerable amount of research and preparation has gone into getting these programs to operation. These programs are being strongly supported to ensure effective implementation.
Part II- Potential Transition Plan	
11.	<p>Department/Agency potentially able to assume lead responsibility for this strategy: None - Given the HUD requirements around Assessment and Coordinated Entry, and the deep integration between Measure H funding and other funding supporting CES, it would not be feasible for lead responsibility for this strategy to transition to a County department.</p>

E. CREATE A COORDINATED SYSTEM			
E8	ENHANCE THE EMERGENCY SHELTER SYSTEM		
Population Target: ALL		FY 2018-19 Recommended Allocation	FY 2019-20 Tentative Allocation*
Current Strategy Leads: LAHSA and DHS		\$75,000,000	\$66,981,330
<i>*Projected allocation assumes that LAHSA's share of the overall funding for this co-led strategy in FY 2019-20 would be the same as in FY 2018-19</i>			
Description of Strategy: Strategy provides for increased trauma-informed interim housing (crisis, bridge, and recuperative care) for individuals, families and youth. Additionally, strategy includes funding for capital cost to rehabilitate or build new shelters, an increase to the daily rate of the Winder Shelter Program, and the creation of a Shelter Systems Coordinator position to assist LAHSA with system-wide planning and coordination for Countywide shelter activities and services.			
Part I: LAHSA Administration			
1.	Date Strategy was fully implemented:		October 2016
2.	How many individuals have been served under this strategy since Measure H Implementation?		8,332 individuals in facilities that are in whole or in part funded through Measure H (July-December 2017)
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other?)		
	Source of Funding	Supplemental Amount	Funding Period
	County Emergency Solutions Grant	\$720,287	Fiscal Year (FY) 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.
	DPSS CalWORKs (Welfare to Work)	\$ 637,800	Annual allocation based on 3-year contract with DPSS.
	State Emergency Solutions Grant	\$1,000,000	FY 2017-18 allocation for year 2 of a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.
	City General Fund	\$ 7,043,167	FY 2017-18 allocation. Expected to continue at the same level in FY 2018-19.
	City Community Development Block Grant	\$2,664,990	FY 2017-18 allocation will not be renewed, but will be covered by City General Fund during FY 2018-19, as proposed in the Mayor's Budget.
	City Emergency Solutions Grant	\$32,892	FY 2017-18 allocation for a two-year funding cycle that ends on June 30, 2018. A new 2-year funding allocation is available as of July 1, 2018.
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.): <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • The Los Angeles Bed Availability Application • Harvard Government Performance Lab research and evaluation • HUD Technical Assistance training for Lead Agencies • Tableau dashboards to monitor outcomes on an individual contract basis. • Homeless Services Training Academy 		
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes _____ No <u> X </u>		
6.	How many contracted service providers support this strategy? <u> 34 </u> What is the end date for current contracts? <ul style="list-style-type: none"> • Crisis and Bridge Housing for Adults and Youth was procured under CES for Adults and Youth RFP, which was procured on May 19, 2016. These contracts will end on June 30, 2019. To ensure no gap in services, the next contracts will need to start on July 1, 2019. • Crisis and Bridge Housing for families was procured under the CES for Families RFP, which was released on January 19, 2017. These contracts will end on June 30, 2020. To ensure no gap in services, the next contracts will need start on July 1, 2020. • Additional Crisis and Bridge Housing for Adults and Youth was procured under the 2017 Coordinated Entry System (CES) Expansion for Adults, TAY and TAY Families. These contracts are aligned with the initial CES Contracts that will end on June 30, 2019. To ensure no gap in services, the next contracts will need to start on July 1, 2019. 		
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 0		

E. CREATE A COORDINATED SYSTEM	
E8	ENHANCE THE EMERGENCY SHELTER SYSTEM
	Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 75 FTEs
8.	Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes _____ No X
9.	<p>Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?</p> <p>This strategy is connected to various strategies, including Strategy A5 - Homeless Prevention for Individuals, Strategy B3 - Rapid Rehousing, Strategy B7 - Interim/Bridge Housing for those Exiting Institutions, Strategy E6 - Countywide Outreach System, Strategy E7- Strengthen the Coordinated Entry System, and Strategy E14, Enhanced Services for Transition Age Youth.</p> <p>Strategies B7 and E8 shelter settings are intended to be a central access point to an integrated Coordinated Entry System, whereby system partners and stakeholders (including County institutions, first responders, institutions, Health Agency Outreach teams, etc.), can quickly and easily obtain safe, stable, and accessible Interim Housing opportunities for all persons in need of shelter and services.</p> <p>As part of the implementation of the interim housing strategies, LAHSA has led a number of efforts to enhance the services of Strategy B7 and E8-funded interim housing sites, as well as, improving the systems coordination necessary for the strategies and systems partners to collectively accomplish the goals of the strategies.</p> <p>As administered and programmed, Interim Housing opportunities are made accessible to persons identified by Strategy E6 Outreach teams, as well as those identified through Regional Coordination, Housing Navigation, CES Matchers, etc., funded by Strategies E7 and E14. Once in Strategy B7 and E8 interim housing settings, participants are prioritized for CES-funded programs and CES-structural supports, including Strategy B3-funded Rapid Rehousing programs and Housing Navigation services funded through Strategies E7 and E14.</p> <p>Additionally, A1 and A5 Prevention and Diversion programs are intended to be implemented in interim housing environments (among other settings), as those are typically the primary point of entry for persons attempting to access the homeless service delivery system.</p>
10.	<p>Other considerations?</p> <p>LAHSA has been able to leverage resources to expand and improve the interim housing system. The following are a list of improvements that LAHSA has been able to execute to support this strategy:</p> <ul style="list-style-type: none"> • Increased number of beds created • Provision of Housing Navigation and Housing Location in Interim Housing settings • Enhanced Interim Housing staffing (funding for Master's degree/Licensed level staff) • Reduction in staff to client ratios • Improved data collection • Enhancements/improvements to Interim Housing accessibility (Equal Access rule, animal accommodations, ADA assessments, etc.) • Shelter Bed Availability App (i.e. real-time bed availability) • HOP (Outreach App) • Hiring of "Air-Traffic Controller," i.e. Interim Housing Placement Coordinator
Part II- Potential Transition Plan	
11.	Department/Agency potentially able to assume lead responsibility for this strategy: Department of Health Services (DHS), as current co-lead, could assume the LAHSA share of responsibility for Strategy E8, and continue to co-lead with the Department of Mental Health.
12.	Timeline for Transition: LAHSA would remain lead for strategy until current contracts expire in June 2019. Prior to LAHSA contracts expiring, DHS would undertake an appropriate process to ensure that strategy services continue with no break in service provision. A decision to transition lead responsibility would need to be made by October 2018.
13.	<p>Resources needed to accommodate transition (Include assessment and cost of staffing, space, technology, training, or other needed resources)?</p> <ul style="list-style-type: none"> • Additional staffing resources would be needed to accommodate increased workload. • Additional office space may be needed to accommodate additional staff. • Work order amendment with Brilliant Corners to accommodate additional referrals.
14.	Require involvement of labor representatives: Yes _____ No X
15.	Other considerations? DHS will be able to ensure connection to appropriate health care and ongoing case management, including connections as needed to other strategies/services, such as, Countywide Benefits Entitlement Services Teams and/or Whole Person Care.

E. GREATE A COORDINATED SYSTEM			
E14	ENHANCED SERVICES FOR TRANSITION AGE YOUTH		
Population: ALL		FY 2018-19 Recommended Allocation	FY 2019-20 Tentative Allocation
Current Strategy Lead (s): LAHSA		\$ 19,000,000	\$19,200,000
Description of Strategy: This strategy supports the infrastructure of the entire Coordinated Entry System (CES) for transition age youth. The components of this strategy include: Transitional Housing Models and Family Reconnection, Educational Liaisons, Access/Drop-In Center Enhancement and the Homeless Youth Forum of Los Angeles.			
Part I: LAHSA Administration			
1.	Date Strategy was fully implemented:		August 2016
2.	How many individuals have been served under this strategy since Measure H Implementation?		1,436 young adults assessed July 2017 – December 2017
3.	Is funding for this strategy supplemented by funding from other sources (HUD, LA City, Philanthropy, other?) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
	Source of Funding	Supplemental Amount	Funding Period
	County Emergency Solutions Grant	\$ 320,775	FY 2017-18 allocation for year two of a two-year funding cycle that ends on June 30, 2018. A new two-year funding allocation is available as of July 1, 2018.
	Department of Children and Family Services – Independent Living Program	\$ 1,519,774	FY 2017-18 allocation. Three-year contract with DCFS.
4.	Please describe any other leveraged resources supporting this strategy (technology, facilities, etc.): The following additional Resources support this strategy: <ul style="list-style-type: none"> • Homeless Management Information System (HMIS) • Coordinated Entry System infrastructure (Policy Council, Systems Team, etc.) • LA RISE Pilot – Supportive Employment for RRH participants in SPAs 2,4,6 • Harvard Government Performance Lab research and evaluation. • Technical Assistance through USC Center for Artificial Intelligence in Society. • Homeless Services Training Academy • Tableau dashboards are in creation to monitor and review system level outcomes for CES 		
5.	Is any portion of Measure H funding for this strategy being used as a match to other funding? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> X* Describe funding match (if applicable): *A proposal has been submitted to HUD for the Youth Demonstration Project. As part of the submittal by LAHSA there was a match commitment letter from the County authorizing the use of Strategy E14 funding to match proposed HUD YHDP funding to support planning activities that are required if funding is awarded. Additionally, the commitment letter indicates that all of Strategy E14 could be identified as a match to funding received from HUD to serve homeless youth.		
6.	How many contracted service providers support this strategy? 13 What is the end date for current contracts? Strategy E14, Enhanced Services for Transition Age Youth (TAY) includes various components, as follows: <ul style="list-style-type: none"> • Regional Coordination, Housing Navigation, Coordinated Case Management and Crisis Housing were procured under the 2016 Coordinated Entry System (CES) for Adults and Youth Request for Proposals (RFP). The eight (8) resulting contracts for Regional Coordination, five (5) resulting contracts for Housing Navigation/Coordinated Case Management and one (1) resulting contract for Crisis Housing will end June 30, 2019. To ensure no gap in services, the next contracts will need to start on July 1, 2019. • Transitional Housing for TAY was procured under the 2017 Coordinated Entry System (CES) Expansion for Adults and TAY RFP. The resulting fourteen (14) contracts will end on June 30, 2019. To ensure no gap in services, the next contracts will need to start on July 1, 2019. 		
7.	Number of LAHSA staff exclusively working on this strategy and funded through Measure H (List Staff and Positions): 0 Number of Additional LAHSA Full-Time Equivalent Positions (FTEs) funded through this strategy? 7 FTEs		
8.	Are there any federal requirements or other legal requirements that would pose a barrier to transitioning responsibility for the administration of this strategy to a County Department: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		

E. CREATE A COORDINATED SYSTEM	
E14	ENHANCED SERVICES FOR TRANSITION AGE YOUTH
	LAHSA is the Los Angeles County Continuum of Care (CoC) lead. There are parts of this strategy that directly address HUD requirements around coordinated assessment and a coordinated entry system.
9.	<p>Are there any other strategies administered by LAHSA that are closely connected to this strategy or have programmatic implications if responsibility for administration of this strategy were transitioned to a County Department?</p> <p>This strategy is at the core of every strategy that provides a service to Transition Age Youth experiencing homelessness. It is the central hub for assessing and evaluating an individual or family's individual needs to determine the most appropriate referral to housing and/or other resources. Strategies that leverage CES for Youth include: A1, A5, B3, B4, B7, C4, C5, C6, D7, E6, E7 and E8.</p> <p>Strategy E14 directly funds programs and services for homeless youth across the County – Transitional Housing, Access Centers, family reunification, etc., as well as funding the architecture of the Youth Coordinated Entry System (YCES) – supporting Regional Coordination, Youth and Family Reunification efforts, and providing liaisons in schools. These efforts are integral in identifying and prioritizing homeless youth for programs and services.</p> <p>Strategy E14 also supports Youth Collaboration efforts, which allows for youth and young adults with lived experience (i.e., formerly homeless), to participate in, and inform, program design and development of programs and services for homeless youth.</p> <p>The programs and systems that are supported by Strategy E14 are also directly linked to a host of other LAHSA-led strategies, including A1 and A5 Prevention and Diversion services, B3 Rapid Rehousing programs, and B7 and E8 Interim Housing programs. Each of these strategies funds programs and services specifically targeted towards serving homeless youth and homeless youth heads of household (i.e. Families).</p>
10.	<p>Other considerations?</p> <p>LAHSA has been able to leverage resources to expand and improve services for Transition Age Youth. The following are a list of improvements that LAHSA has been able to execute to support this strategy.</p> <ul style="list-style-type: none"> • Expansion of YCES • 124 newly-created TAY Transitional Housing beds • Targeted re-programming of CoC Transitional Housing to local, flexible funding. Re-programming of CoC funding will allow for increased funding for PSH resources, resulting in 68 new PSH units for TAY. • 75 new slots of TAY Interim Housing projected for FY 2018-19 • DCFS and Probation pilots – strengthening linkages to juvenile justice, child welfare, and YCES • Expansion of Youth Access Centers in FY 2017-18 and FY 2018-19 • Creation of new Host Homes program
Part II- Potential Transition Plan	
11.	Department/Agency potentially able to assume lead responsibility for this strategy: None - Given the HUD requirements around Assessment and Coordinated Entry, and the deep integration between Measure H funding and other funding supporting CES, it would not be feasible for lead responsibility for this strategy to transition to a County department.

INCREASING CAPACITY OF LEAD COUNTY DEPARTMENTS/AGENCIES TO ADMINISTER MEASURE H FUNDS

The Chief Executive Office (CEO) solicited information from lead County departments and agencies currently administering Measure H funds. Information was solicited via survey to identify any assistance needed to increase effective administration of Measure H funding and/or support an expansion in responsibility for the administration of Measure H funding. The CEO requested information for the following areas:

- Current barriers to effective administration of Measure H funding and/or an expansion in responsibility for the administration of Measure H funding
- Administrative or programmatic streamlining opportunities
- Information, training and resource needs
- Data tracking/analysis needs

The following County departments/agencies were sent the survey:

- Department of Children and Family Services (DCFS)
- Department of Health Services (DHS)
- Department of Mental Health (DMH)
- Department of Public Health – Substance Abuse Prevention Control (DPH - SAPC)
- Department of Public Social Services (DPSS)
- Workforce Development, Aging and Community Services (WDACS)
- Public Defender (PD)
- Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA)

The departments identified very few barriers limiting their ability to effectively administer Measure H funding or programming. However, the CEO identified several areas where there may be opportunities for improvement to better administer funding and implement programming. Below is a summary of noteworthy responses received from the departments by subject area, followed by action items, which the CEO and individual departments will pursue to address the identified issues.

CURRENT BARRIERS TO EFFECTIVE ADMINISTRATION OF MEASURE H FUNDING AND/OR AN EXPANSION IN RESPONSIBILITY FOR THE ADMINISTRATION OF MEASURE H FUNDING

WDACS has been providing employment opportunities to homeless adults through the LA:RISE model. This model utilizes Social Enterprises to provide transitional and permanent jobs to the homeless population. WDACS stated the delay in program growth is due to limited capacity of Social Enterprises to support the expansion of the program and is requesting flexibility to utilize the funding for Strategies C2 and C7 to enhance workforce development strategies beyond the LA:RISE program model.

Action to Increase Capacity

The CEO is working with WDACS on a comprehensive review of the Homeless Initiative strategies related to employment, which will likely include assistance from an outside consultant. This review will include an assessment of the best uses of the funding allocated for Strategies C2 and C7. The CEO and WDACS will consult with the homeless policy deputies during and following completion of this review.

ADMINISTRATIVE OR PROGRAMMATIC STREAMLINING OPPORTUNITIES

DMH identified the need for faster contract processing. DMH is adopting a Master Agreement (MA) contract process like the DHS Intensive Case Management Services (ICMS) MA process, which has allowed for streamlining of DHS contracting. DHS has been extremely successful in procuring new homeless services providers at a quick pace.

Action to Increase Capacity

The CEO has already engaged DMH and DHS relative to DMH's contracting process for Homeless Initiative strategies, and will support DMH, as needed, in the development and implementation of the MA process.

INFORMATION, TRAINING AND RESOURCE NEEDS

DCFS indicated a need for departmental staff training covering information for housing options available to support child welfare-involved families and Transition Age Youth.

DMH is the co-lead department for seven HI strategies, and indicated a need for more staffing and additional office space to increase its capacity.

DPH-SAPC is seeking assistance to develop policies, procedures, and networks that will enable jails, hospitals, mental health treatment facilities, and other entities to rapidly place patients into Recovery Bridge Housing (RBH).

DPSS projects that, due to very low participant attrition, it will not be able to enroll new participants during FY 2018-19 under Strategy B1 – Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI. DPSS has identified a need to partner with agencies that administer permanent housing options to which certain Strategy B1 participants could transition. This will create the opportunity for additional homeless, disabled General Relief participants to enroll under Strategy B1.

WDACS requested assistance to train contracted staff providing subsidized work opportunities on the homeless population's unique needs and effective service delivery models for this population.

Action to Increase Capacity

The CEO HI analysts will work with the appropriate entities to address these specific department needs.

DATA TRACKING/ANALYZING NEEDS

Multiple departments identified the need to enhance data tracking and sharing of homeless client information and aggregate service data to better provide coordinated services and analyze trends in aggregate data. Departments indicated that access to, and training on the Homeless Management Information System (HMIS) is necessary to coordinate with partnering agencies providing homeless services.

Action to Increase Capacity

The CEO, a range of County departments, and LAHSA are preparing to launch data sharing efforts authorized by County-sponsored Assembly Bill 210 (AB 210). AB 210 authorizes counties to establish homeless adult and family multidisciplinary teams (MDT) to facilitate the expedited identification, assessment, and linkage of homeless individuals and families to housing and supportive services within the County. It allows departments and provider agencies to share information that is otherwise confidential under State law to coordinate services, ensure continuity of care, and reduce duplication of services.

The implementation of AB210 will be rolled out in two phases. The first phase will include LAHSA and a limited number of County departments. Designated employees of LAHSA, the departments and their contractors will be trained and designated employees will share information person-to-person, rather than through an automated system. In the second phase, the CEO will implement an automated system to be used by homeless adult and family MDTs to share information as authorized under AB 210.

The CEO is working with LAHSA to allow departments access to HMIS which will provide departments with specific homeless client information relative to the coordination of care for those clients.

Increasing the Capacity of Non-profit Service Providers who receive Measure H Funds

There are various ongoing efforts to increase the capacity of non-profit service providers who receive Measure H funds. The Los Angeles Homeless Services Authority (LAHSA), in collaboration with the Homeless Initiative (HI) and United Way, Home for Good Funders, is spearheading this effort.

In response to the rapid infusion of resources across Los Angeles County to combat homelessness, LAHSA began in January 2017 to explore a capacity building initiative to support nonprofit homeless service providers operating within the Los Angeles County Coordinated Entry System (LA County CES). The intent of this initiative was to identify a comprehensive strategy through which to enhance the operational infrastructure of community-based organizations, and further support the implementation of Homeless Initiative Strategy E7, Strengthening the Coordinated Entry System.

Assessment of Agency Needs

By April 2017, LAHSA hired a Capacity Building Coordinator to lead this effort. To gather information about how to best support community-based organizations, over a three-month period, LAHSA conducted a sample assessment of three CES lead agencies focused on: 1) current state of operations; 2) organizational strengths; and 3) identified areas for improvement. Based on initial assessment findings, LAHSA's Capacity Building Unit identified centralized hiring support, staff training and technical assistance focused on operational infrastructure as priority areas to alleviate strain on service providers.

Centralized Training Academy

Given the massive recruitment efforts taking place across the County of Los Angeles, the need to train an exploding workforce is critical. LAHSA became responsible for the implementation of the Centralized Training Academy (CTA) in June 2017. With an original investment from the Home for Good Funders Collaborative, the Centralized Training Academy is a countywide training and education resource for homeless services. Utilizing funds from Homeless Initiative Strategy E7, LAHSA has begun to expand the offerings available through the CTA.

The goal of the CTA is to consolidate training opportunities available through LAHSA into one easy-to-access location. Registration is handled through an online learning management system, where staff create an account, register for in-person training sessions, and/or view pre-recorded webinars. To date, a total of 627 training opportunities have been provided. As implementation of a comprehensive training strategy continues, LAHSA seeks to continually grow the array of offerings available. Current curricula include:

- 35-hour orientation style training on Care Coordination and System Navigation intended for newly-hired staff
- Applied Care Coordination and Systems Navigation, intended for the incumbent workforce in their positions longer than 6 months.
- Supervisory Training for Homeless Services
- LAHSA Onboarding
- Best Practices in Rapid Rehousing
- Interaction with Immigration and Law Enforcement attempting to access homeless provider facilities
- CES Interim Guidance Policies
- CES Triage tools
- Homeless Management Information System

Operational Infrastructure Technical Assistance

In November 2017, LAHSA released the Capacity Building Technical Assistance Request for Bids (RFB) to identify consultants specializing in operational infrastructure. In January 2018, an application for nonprofit community based organizations was released in partnership with the Home for Good Funders Collaborative. The application leverages public and private investments to enhance the operational infrastructure of service providers. The consolidated application allows providers to request funds for a comprehensive capacity needs assessment, or funds to implement an existing technical assistance plan. Areas of focus from the application include: 1) Operational Management; 2) Leadership; 3) Program Administration; 4) Information Technologies; 5) Office Space; and 6) Professional Services. To maximize impact, eligibility requirements stipulate only that an agency be a nonprofit participating in the Los Angeles County Coordinated Entry System by providing services to those literally experiencing or at risk of homelessness. The application is prioritized by need, giving higher priority to providers who continue to struggle with compliance, and/or the ability to qualify for government funding. To date, 10 applications have been received.

Hiring Support

Due to the unprecedented injection of resources to scale up service provision, the need to quickly hire qualified staff is critical. As such, both LAHSA and the HI have coordinated opportunities to recruit potential employees by hosting a series of job fairs, hiring temporary recruiters, adapting marketing strategies, and building relationships with local academic institutions. On December 7, 2017, LAHSA, the City and County of Los Angeles workforce development departments, and United Way of Greater Los Angeles, hosted a Homeless Services Job Fair at Los Angeles City Hall. On April 13, 2018, a second job fair was held at Los Angeles Trade Technical College.

In October 2017, LAHSA re-vamped its job opportunities page, including links to subrecipient employment opportunities. In February 2018, the HI launched the job

website www.JobsCombatingHomelessness.org to link job seekers to the employment pages of various homeless services agencies.

In addition to the targeted web-based recruitment efforts, LAHSA is connecting with local academic institutions such as LA Trade Tech Foundation, and the five (5) California State Universities' network, CSU5, to develop pipelines into homeless services from graduate and alumni networks.

Taking a more targeted approach toward filling hundreds of vacancies, LAHSA is currently soliciting bids for recruitment services to staff eight (8) temporary full-time professional recruiters. Assigning one recruiter per SPA, these temporary workers will provide a comprehensive analysis of hiring needs across the County, recruit qualified candidates, and evaluate retention rates over time.

Through these various efforts, a multi-faceted approach to supporting hiring efforts is underway.

Active Contract Management

Over the past year, LAHSA has begun implementing an Active Contract Management (ACM) approach to the agency's Adult, Youth, and Family Coordinated Entry System (CES) agreements. Through ACM, LAHSA has improved its ability to analyze contract-level performance data, providing both LAHSA and contracted agencies the ability to monitor their performance monthly in comparison to contractual targets.

LAHSA has also developed an internal dashboard to monitor performance for rapid re-housing programs and is actively developing dashboards for other services provided under LAHSA contracts.

Through these new tools, analyses are being conducted to compare performance between similar programs, identify agencies whose performance indicates the use of best practices and promote peer-to-peer learning.

LAHSA is implementing learning communities for all program types. Learning communities create a space for program managers and direct line staff to learn from each other and identify ways to more effectively deliver services. Learning communities are a place in which tools can be developed, effective practices are shared, and training needs identified. LAHSA, along with HUD technical assistance providers, will be facilitating these meetings and actively supporting agencies to address needs that are identified in the meetings. This will include bringing in additional support and training when needed.

Integrated Agency Support Teams

Upon Notice of Funding Award to an agency, LAHSA assembles an Integrated Agency Support Teams (IAST) to optimize technical assistance and contracting service to the agency. The IAST consists of a Contract Specialist, Homeless Systems Analyst(s), and

Program Accountant. The IAST works collaboratively with the agency to plan how LAHSA can best support the Agency in executing its contracts, invoicing & closeout, reporting through HMIS, preparing for monitoring visits, and/or accessing technical assistance. The IAST employs a focused strategy to convey information and documentation requirements to the agency in consolidated communications, while each IAST member is the agency's primary point of contact for their area of expertise and provides technical assistance, as needed.

Simplified Contracting Process

The Request for Statement of Qualifications (RFSQ) is a new process through which LAHSA certifies nonprofit (IRS 501 (c)3) social services agencies as qualified bidders. The RFSQ process replaces the threshold review component that was formerly embedded in each of LAHSA's Request for Proposals (RFPs). Through the RFSQ, LAHSA has simplified the procurement process for potential providers, so that threshold can be established one time, prior to the time pressures and proposal writing needs of an RFP.

Because the RFSQ is an open and ongoing solicitation process that does not award funding, it is not constrained by the same restrictions that are part of a competitive RFP. LAHSA can provide guidance to potential providers in completing their RFSQ applications to assist them in becoming certified bidders for LAHSA funding opportunities. If an RFSQ applicant is not successful in becoming a certified bidder LAHSA can provide technical assistance to enable them to improve their capacity and achieve RFSQ certification.

CLASSIFICATION COMPARISON
LOS ANGELES HOMELESS SERVICES AUTHORITY (LAHSA) AND COUNTY OF LOS ANGELES
April 27, 2018

LAHSA**LOS ANGELES COUNTY**

# of Budgeted Positions	Job Title	Annual Salary		Item Number	Classification	Annual Salary	
		Minimum	Maximum			Minimum	Maximum
9	Accountant, Various	\$ 39,590.00	\$ 57,405.00	0646	Accountant I	\$ 52,015.68	\$ 57,984.00
11	Assistant, Various	\$ 35,991.00	\$ 52,187.00	0887	Administrative Assistant I	\$ 43,504.32	\$ 53,982.60
37	Analyst, Various	\$ 43,549.00	\$ 63,146.00	1848	Management Analyst	\$ 61,064.88	\$ 80,083.68
	Analyst, Various	\$ 47,904.00	\$ 69,460.00	1848	Management Analyst	\$ 61,064.88	\$ 80,083.68
3	Associate Director, Access & Engagement/Community Engagement	\$ 83,167.00	\$ 124,751.00	N/A	NO MATCH	\$ -	\$ -
1	Associate Director, Finance Programs	\$ 83,167.00	\$ 124,751.00	0657	Accounting Officer II	\$ 67,719.36	\$ 88,823.04
2	Associate Director, Various	\$ 83,167.00	\$ 124,751.00	1003	Administrative Services Manager II	\$ 79,884.00	\$ 104,772.00
6	Associate Director, Various	\$ 83,167.00	\$ 124,751.00	1004	Administrative Services Manager III	\$ 104,516.88	\$ 137,078.16
1	Chief Financial Officer	\$ 133,941.00	\$ 200,912.00	1053	Departmental Finance Manager II	\$ 108,443.52	\$ 164,137.92
1	Chief Operating Officer	\$ 133,941.00	\$ 200,912.00	N/A	RANGE 13	\$ 125,321.76	\$ 189,684.48
1	Chief Programs Officer	\$ 133,941.00	\$ 200,912.00	N/A	RANGE 14	\$ 134,720.40	\$ 203,910.24
38	Coordinator, Various	\$ 52,694.00	\$ 76,406.00	1848	Management Analyst	\$ 61,064.88	\$ 80,083.68
1	Director, Access & Engagement	\$ 100,632.00	\$ 150,948.00	N/A	NO MATCH	\$ -	\$ -
2	Director, Various	\$ 100,632.00	\$ 150,948.00	N/A	RANGE 12	\$ 116,574.24	\$ 176,444.40
1	Director, Communications	\$ 91,484.00	\$ 137,226.00	1600	Public Information Officer I	\$ 65,591.04	\$ 86,020.32
1	Director, Data Management	\$ 110,695.00	\$ 166,043.00	1004	Administrative Services Manager III	\$ 104,516.88	\$ 137,078.16
1	Director, Human Resources & Administration	\$ 100,632.00	\$ 150,948.00	1003	Administrative Services Manager II	\$ 79,884.00	\$ 104,772.00
1	Director, IT	\$ 110,695.00	\$ 166,043.00	2565	Information Technology Manager I	\$ 108,443.52	\$ 164,137.92
1	Director, Finance	\$ 110,695.00	\$ 166,043.00	N/A	NO MATCH	\$ -	\$ -
94	Homeless Engagement Team Member	\$ 35,991.00	\$ 52,187.00	8105	Senior Community Worker	\$ 36,427.68	\$ 53,054.16
3	Manager, Access & Engagement/HMIS	\$ 70,136.00	\$ 101,697.00	N/A	NO MATCH	\$ -	\$ -
3	Manager, Finance Programs	\$ 70,136.00	\$ 101,697.00	0648	Accountant III	\$ 56,570.16	\$ 74,197.20
1	Manager, IT	\$ 70,136.00	\$ 101,697.00	2561	Principal Network Systems Administrator	\$ 97,793.52	\$ 128,265.84
11	Manager, Various	\$ 70,136.00	\$ 101,697.00	1002	Administrative Services Manager I	\$ 73,644.00	\$ 96,588.00
8	Manager, Various	\$ 70,136.00	\$ 101,697.00	1003	Administrative Services Manager II	\$ 79,884.00	\$ 104,772.00
8	Monitor, Finance/Internal	\$ 43,549.00	\$ 63,146.00	1848	Management Analyst	\$ 61,064.88	\$ 80,083.68
6	Monitor, Programs	\$ 43,549.00	\$ 63,146.00	4614	Contract Program Auditor	\$ 65,430.72	\$ 85,809.84
2	Specialist, Communications/Multi-Media	\$ 47,904.00	\$ 69,460.00	1602	Public Information Representative	\$ 62,133.84	\$ 81,481.20
4	Sr. Accountant	\$ 47,904.00	\$ 69,460.00	0647	Accountant II	\$ 50,501.52	\$ 66,236.88
1	Sr. Homeless Engagement Team Member	\$ 43,549.00	\$ 63,146.00	9051	Social Worker	\$ 46,464.00	\$ 67,884.00
16	Supervisor, Various	\$ 52,694.00	\$ 76,406.00	N/A	NO MATCH	\$ -	\$ -
20	Supervisor, Various	\$ 52,694.00	\$ 76,406.00	1002	Administrative Services Manager I	\$ 73,644.00	\$ 96,588.00
1	System Administrator	\$ 63,760.00	\$ 92,452.00	2558	Network Systems Administrator I	\$ 66,566.16	\$ 87,303.36
1	Sr. Manager, Access & Engagement / Contracts & Grants	\$ 63,760.00	\$ 92,452.00	N/A	NO MATCH	\$ -	\$ -
1	Sr. Systems Administrator	\$ 70,136.00	\$ 101,697.00	2559	Network Systems Administrator II	\$ 74,197.20	\$ 97,311.36
3	Trainer, HMIS	\$ 43,549.00	\$ 63,146.00	N/A	NO MATCH	\$ -	\$ -

LAHSA Benefits Comparison

The benefits provided by LAHSA are comprehensive and robust compared to what is generally offered by most employers. LAHSA utilizes a cost-sharing model for their benefits. LAHSA contributions towards medical coverage ranges from \$405 to \$1,601. Employee contributions for medical coverage range from \$94 to \$1051. LAHSA provides fully subsidized HMO Dental and cost shares the PPO Dental. LAHSA employees are offered an employer paid basic life insurance, AD&D, and long-term disability. LAHSA employees also can participate in Flexible Spending Accounts for health care and dependent care. Additionally, LAHSA employees are offered other supplemental and voluntary benefits such as life insurance with family coverage, AFLAC supplemental insurance (for personal accident, personal cancer indemnity, short-term disability, etc.), legal benefits and pet insurance.

LAHSA employees contribute towards Social Security, and have a 401A pension plan (which is employer sponsored at 5% of the employee's salary). Additionally, LAHSA employees are provided a 457B Deferred Compensation Plan to supplement their retirement.

LAHSA employees receive up to 4 weeks of vacation and 12 sick days annually. They may also take up to 5 personal sick days a year if they maintain a balance of 24 hours of sick leave. LAHSA employees get 12 holidays and 1 floating holiday.

The comparison to County of Los Angeles benefits is difficult due to their different delivery models. The County of Los Angeles provides benefits through four tax-advantaged cafeteria benefits plans, where employees are provided a benefits allowance to purchase their benefits. The majority (87%) of County employees are represented and have benefits through either the Choices or Options cafeteria plans. Both the Choices and Options plans provide benefit allowances that fully cover the cost of the HMO medical plans and PPO dental plan offered. In addition, County employees may purchase optional group term life insurance with family coverage, AD&D, Long-Term Disability health insurance, and participate in the flexible spending accounts (health and dependent care). LA County employees do not have access to the other supplemental benefits (legal, pet insurance, etc.) as LAHSA employees, however. Any unspent monies from the benefits allowance is added to the employee's paycheck as taxable income.

LA County employees do not pay into Social Security, but instead pay into the LACERA plans. Represented employees have access to a 457b Horizons plan with matching contributions of 4%. The County's retirement benefits are better than those offered by LAHSA, and this is the most significant difference in the compensation for LAHSA employees in comparison to the County.

LA County represented employees may accrue up to 5 weeks of vacation annually with 24+ years of service, and 12 sick days annually. Up to 96 hours of the sick leave may be used as sick personal annually. LA County employees receive 12 holidays per year.



Los Angeles HOMELESS SERVICES AUTHORITY

Working Together to End Homelessness in Los Angeles

LAHSA Challenges and Progress on Implementation of Measure H FY 2017-18

As LA ramps up the utilization of Measure H resources, the Los Angeles Homeless Services Authority (LAHSA), a joint powers authority of the City and County of Los Angeles, has a central role in the strategies to build and coordinate our homeless crisis response system. As LAHSA moved from the first year of implementation of the Homeless Strategies in FY16-17, using one-time funding from the City and County, into the implementation of Measure H, we had to address a variety of challenges. This document is intended to summarize many of those challenges.

Overall, LAHSA has undergone tremendous growth in each of the past three fiscal years, with local funding increases of 342% from FY14-15 (\$47M) to FY17-18 (\$214M), and staff increasing 240% in the same period. The needs of the agency and the Los Angeles Continuum of Care (LA CoC) have expanded even faster. With the enormous growth in system and program resources to address homelessness, LAHSA has undertaken the most comprehensive transformation in its 25-year history to cover these expanded responsibilities.

Immediate Impact of Transition to Measure H

Funding Change Challenges

The transition shifted approximately \$35 million in City of Los Angeles (City) General Funds across 41 contracts to County Measure H funding the following fiscal year. Shifting from City to County funding required contract amendments in all impacted program areas. The City provided a short-term “bridge loan” to transition the first quarter of 17-18; however, the short timeframe of the funding and the necessity to account for the loan during year-end close out added a significant workload burden to LAHSA’s Finance and Accounting staff. Utilizing the “bridge” funds for the first quarter required the agency to execute short-term contracts for the impacted providers within a brief window of time; some providers declined to contract during this period, delaying funding rather than go through this contractual exercise.

While most providers were asked to scale up their programmatic activities with increased funding under Measure H, some actually faced funding reductions because of differences between the City funding algorithm and County Measure H funding distribution by Service Planning Area (SPA). Rapid Re-housing providers in SPA 6 particularly took cuts in funding because their share of the City funding had been very high. This challenge added service disruption and political tension to the mix of issues.

Strategy and Contract Implementation Timing

Implementation timelines for all strategies ran concurrently with the efforts to amend all contracts - some elements were continued, some were expanded, and some were new program activities. As many current contracts as possible were amended to increase funding and service levels; however, many program components had to be put out to bid. To deploy the new program components, LAHSA released, reviewed, and funded 13 separate Requests for Proposals (RFP) (the staff averaged three to four in each previous fiscal year). The volume and complexity of contracting seriously challenged LAHSA staff, and strained our service provider community’s capacity to fully take on the contracted responsibilities. As provider contracts were amended, new program components were being added by providers pursuing new funding under successive new RFPs, causing many contract amendments to be delayed by additional changes coming from new funded components.

Preparing for this procurement need, LAHSA created a Request for Statement of Qualifications (RFSQ), meant to streamline the process. Providers are pre-qualified, thereby removing the threshold approval from LAHSA's RFP process. This reduces the time frame for proposal evaluations and funding recommendations, speeding contracting. Additionally, the RFSQ process allows LAHSA to provide technical assistance and capacity building support to agencies when needed to pass threshold review, giving access to smaller agencies that have not previously contracted with LAHSA. This assistance was not possible when threshold qualification was part of the competitive RFP process. LAHSA can complete an RFP (from release to funding recommendations) in three months. This change offered smaller agencies an opportunity to participate in the Measure H funding through LAHSA, and it meant that LAHSA fiscal and contracting staff took on additional work to provide technical assistance to those providers during the contracting scale up. 18 new agencies have passed the process to enter LAHSA's list of qualified bidders.

Planning Constraints

Because of the need to quickly deploy resources to the service provider community, there was little time to plan in a meaningful way for the significant new funding. While LAHSA held innovative open program design forums collaboratively with the Departments of Health Services (DHS) and Mental Health (DMH) that provided valuable community input for program design, there was insufficient time for deep analysis during the design process. Some program components were deployed with limited provider guidance, leading to variations in the use of the resources across providers and SPAs. Interim Guidance issued by LAHSA in conjunction with the Coordinated Entry System (CES) policy framework to standardize practice was met with concern from providers who had variations in their individual delivery models.

Staffing and Human Resource Management

The emergence of Measure H resources created an opportunity for the service provider community to increase its capacity to provide more services. However, this meant that all provider organizations were staffing up at the same time, providing simultaneous promotional opportunities to all experienced professional staff. Most of LAHSA's experienced and managerial finance staff turned over in this cycle of opportunity, causing challenges with staffing, recruitment, continuity, training, and processes.

Staff has increased from 133 people in FY15-16 to a budgeted 360 staff in FY17-18. On July 1, 2017 (the start of the fiscal year), LAHSA had 217 employees. As of April 30, 2018, 153 new employees have been hired fiscal year to date; 78 people have been hired since January 1, 2018 alone. Recruiting, on-boarding and training so many new staff added strain to the organization. An applicant tracking system is being implemented which will provide metrics on where candidates are coming from, days positions are open, and other data points. To expand recruitment options, HR staff has hosted and participated in various job fairs. Numerous desired skills for the new workforce were unusual and hard to find without taking staff from providers who needed them.

To manage the tremendous growth in personnel, the HR Department has increased from one staff to five, including a full-time trainer to develop skills for staff and management. LAHSA has offered a variety of training opportunities for staff, encouraging capacity building.

To accommodate the additional staff, LAHSA leased and built-out another floor in the 811 Wilshire building, the second expansion in two years, bringing the total square footage to 55,000, a footprint that provides room for some additional growth. LAHSA staff who relocated moved in March 2018.

LAHSA's compensation consultant recommended a salary adjustment to stay current with the job market, and this was approved in December 2017. LAHSA's compensation and benefits package, while generally competitive in the non-profit sector, does not offer the same type of retirement plan as those for the County and City, making those open positions attractive to staff.

System Infrastructure Development

Homeless Management Information System (HMIS) Transition

LAHSA operates one of the largest and most complex Homeless Management Information System (HMIS) infrastructures in the nation, covering a consortium with several neighboring Continuums. The need emerged to upgrade our previous system to fully support Los Angeles' CES. We procured a state of the art HMIS, designed from the ground up for CES.

The year-long planning for the new HMIS platform culminated in a transition in May 2017, coinciding with the Measure H implementation timeline. HMIS, planned to be offline for a week, was down for a month, much longer than was anticipated by the vendor. The lag in data entry caused a ripple effect on data quality and availability for the entire 4th Quarter of FY16-17 and 1st Quarter of FY17-18. The conversion entailed an enormous training effort concurrent with LAHSA and service providers scaling up other efforts (over 3,000 end users were trained in the new system countywide between April and July 2017). Over 4,000 end users are currently active in the system, each of whose HMIS account and access is managed by LAHSA staff. This effort included the implementation and piloting of new program types on the new system. Additionally, the data and system reports built over 10 years under the previous HMIS platform had to be rapidly replaced. With the essential components of this complex conversion completed in 2017, Los Angeles is now able to leverage this robust system over the next ten years of Measure H investment.

CES Policy Framework

As LA County CES grew, practitioners and participants identified a need for increased consistency and transparency of the system's operations. To address this need and to comply with the U.S. Department of Housing and Urban Development's (HUD) 2017 federal mandate (titled "Establishing Additional Requirements for a Continuum of Care (CoC) Centralized or Coordinated Assessment System") regarding coordinated entry, LAHSA (alongside community and government partners) has begun formally documenting policies through a transparent policy development process. The process involves two stakeholder groups—the CES Policy Development Work Group and the CES Policy Council. These bodies are tasked with drafting and approving policy on a range of topics organized around the core components of CES: Access, Assessment, Prioritization, Referral (Matching), and Evaluation. Both groups are comprised of members who have knowledge and experience with system operations, such as service providers, County health departments, public housing authorities, persons with lived experience of homelessness, and the philanthropic community.

LAHSA staff must first complete these core policies required by HUD, and will subsequently have capacity to explore further policy development driven by local priorities.

Internal Operations

Organizational Restructuring

As LAHSA's implementation responsibilities grew, we redesigned our organizational structure to better align with new roles in Fall and Winter 2017. LAHSA has long had responsibility for directly contracted homeless services, and more recently added responsibility for CES. CES integrates the work of many partners, well beyond those programs which LAHSA funds, so we restructured system coordination to align with the

agency's policy and planning function. The new Policy and Systems Department covers LAHSA's role implementing CES. The former Programs Department, now Procurement and Performance Management, focuses on Active Contract Management of LAHSA-funded programs. The department is establishing best practices and learning communities for each CES component, like Rapid Re-Housing and Interim Housing. Previously embedded in the Programs Department, the data management function was separated to create a Data Management Department with its own director, functioning as a resource to all internal and external stakeholders. This restructuring, important to supporting the work implementing Measure H going forward, also necessarily involved some temporary disruption as roles changed.

Finance

Fiscal Management Assessment

Recognizing the need for a comprehensive review of fiscal operations, policies and procedures, and staffing, LAHSA hired KH Consulting in the Spring of 2017. With that assessment completed in Fall 2017, KH is working with LAHSA to implement the following recommendations:

- Update job descriptions to accurately reflect skill sets needed for new processes.
- Formalize training for onboarding new staff.
- Revise Fiscal Policies & Procedures Manual, with clearly differentiated Commission-approved financial policies, procedures, and detailed operational procedures.
- Initiate a project plan to develop desk manuals.
- Design primary and back-up responsibility for all major processes.
- Reduce upper-level review of routine transactions.
- Design comprehensive financial operations reporting system.
- Expand staff training on system use and report generation.
- Review all reports submitted to Commission and executive departments.
- Systematic design of reports generated directly from financial systems.

Expedited Invoice Payments

LAHSA reengineered its invoice processing system in October 2017. LAHSA's invoice processing times would not have supported the scale of growth, leading to a need for change. LAHSA's service contracts can be complex, blending Federal, State, City and several County funding sources, including General Funds, CDC, DPSS, DCFS, Supervisorial Discretionary, and Measure H funding for many separately tracked strategies. LAHSA had a policy of pre-payment invoice reconciliation. Reconciliation of complex invoices prior to payment caused delays – we now reconcile post-payment. Average provider payments have been reduced to 14 days for Measure H funded contracts. Implementation of Microix (described below) will further reduce the timeline to seven days.

Funding Advance Increases

When funding amounts were smaller, the financial assistance outlays made by providers could be managed by smaller advances. But with millions of dollars and explosive growth, providers need more operating capital. Working closely with the County CEO Homeless Initiative Director, LAHSA increased Measure H funding advances to three contract months, ensuring that providers had sufficient funding.

Finance Team Leadership

LAHSA's Chief Financial Officer resigned in December 2017. While the agency conducts a national recruitment for a new CFO through an executive search firm, LAHSA has appointed Terry Matsumoto, Interim CFO, to maintain stability and guidance for the Finance Department management team. The recruitment process is projected to result in the selection of a permanent CFO by the end of May 2018.

Microix Module

As part of LAHSA's effort to increase the organization's accountability, efficiency, accuracy, and timeliness in processing vendor and sub-recipient invoices, LAHSA is implementing Microix Requisition Module. Microix enables accountants and non-accounting staff (from both LAHSA and sub-recipient agencies) to:

- create and submit payment requests online,
- route for approval through mid-level approval process, and seamlessly transfer financial data,
- provide real-time budget control that allows users and approvers to view the latest available financial data or budget balance,
- send alerts to approvers when a requisition needs to be reviewed and alert users when a requisition has been approved or requires modification, and
- utilize approval substitution to avoid delays that may occur when the initial approver is on vacation or out of the office.

With Microix, LAHSA improves control of sending and tracking purchases and payment requests throughout the entire process.

Contracting Operations

Contract Management Software

In Spring 2017, LAHSA procured a Contract Document Management System, and began implementation to handle the anticipated increase in contracting from Measure H. While the new system, with Phase 1 now completed, will streamline processes, the implementation took additional staff time while all other contracting functions increased. With support from our HUD Technical Assistance consultant, LAHSA is moving forward with an integrated Grants Management System, including procurement, contracting, budget, performance management and monitoring.

Process Consultant

With the addition of Measure H resources, LAHSA anticipated a significant increase in contracts and agreements in FY17-18. To streamline contracting, LAHSA brought in a business process consultant to help redesign operations to simplify and speed production from procurement through contract execution. The final report for this first phase was presented May 3, 2018, and the team has already implemented a continuous improvement process to rapidly deploy innovations. The contractor will remain at LAHSA through the analysis of various phases of our business process, including contract performance management and monitoring of contracts.

Contracting Process Improvements

Daily team-based huddles keep all elements of contracting – budgets, performance targets, program descriptions, funding allocations and requirements of our funders – in close alignment throughout the contracting process. To date in FY17-18, LAHSA's contracting unit has prepared and executed over 500 amendments and new agreements, deploying more than \$185 million in service programming. Through the continuous improvement process, LAHSA has made numerous contracting improvements, including sending budget, invoice, and advance funding templates with all new contracts and amendments, and enabling contractors to submit advance funding requests with their signed contracts.

Next Steps

LAHSA is working with our County and City funders and our service contractors to convert our current annual contracts into 3-year terms, and simplifying the currently complex structure into a modular, master-agreement type structure before the close of the current fiscal year. These agreements will sustain funding across fiscal years, and simplify the amendment process as funding is added for years two and three of 3-year contracts and contractors take on new expansion opportunities.

While the challenges LAHSA faced in implementation of year one funding for Measure H were extraordinary, the agency has also been able to deliver extraordinary results year to date:

- E8 – 12,049 individuals sheltered; 1,621 exited to permanent housing
- B3 – 2,691 Rapid Rehousing enrollments; 1,945 housed
- E6 – 1,077 Outreach engagements; 181 placed in crisis or bridge housing; 35 permanently housed

By passing Measure H, the citizens of the County of Los Angeles placed a tremendous amount of trust in those of us funding and providing services to our neighbors experiencing homelessness. LAHSA is dedicated to remaining a conscientious steward of public funds, procuring and distributing them rapidly, transparently and responsibly. We believe that with the cooperation and coordination of partner agencies and service providers, these funds will allow us to make great strides toward reducing and ending homelessness throughout Los Angeles County.

LOS ANGELES COUNTY AUDITOR-CONTROLLER

John Naimo
AUDITOR-CONTROLLER

Arlene Barrera
CHIEF DEPUTY

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Agripino Alonso
DIVISION CHIEF

COUNTYWIDE CONTRACT MONITORING DIVISION

June 4, 2018

FOLLOW-UP REVIEW Los Angeles Homeless Services Authority **MEASURE H** **PHASE I - FISCAL OPERATIONS ASSESSMENT**



IMPLEMENTATION
STATUS

ON
TARGET

9

NOT ON
TARGET

2

NOT YET
IMPLEMENTED

5



BOARD OF SUPERVISORS

Hilda L. Solis
FIRST DISTRICT

Mark Ridley-Thomas
SECOND DISTRICT

Sheila Kuehl
THIRD DISTRICT

Janice Hahn
FOURTH DISTRICT

Kathryn Barger
FIFTH DISTRICT

REPORT #B18001

LOS ANGELES COUNTY AUDITOR-CONTROLLER

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COUNTYWIDE CONTRACT MONITORING DIVISION

June 4, 2018

FACT SHEET

FOLLOW-UP REVIEW

Los Angeles Homeless Services Authority

MEASURE H

PHASE I - FISCAL OPERATIONS ASSESSMENT

On April 10, 2018, your Board instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C), the Los Angeles Homeless Services Authority (LAHSA or Agency) and County Counsel, to report back in 30 days on strengthening the accountability of Measure H funds. Item 1 of the Board motion included a request to report back with the operational improvements that LAHSA has implemented in response to our Phase I – Fiscal Operations Assessment Review (Phase I) issued on April 3, 2018. With the support and active participation of the CEO and LAHSA, we have completed a follow-up review of Phase I.

Key Outcomes

Of the 16 Phase I recommendations, five were not yet implemented as LAHSA previously indicated, nine were still in progress, and two were not on target to meet their implementation dates as follows:

Phase I – Implementation Status by Priority Ranking



LAHSA showed improvement in some areas, such as completing their first implementation phase for their new automated contract management system, and updating their management approval thresholds to streamline the sub-recipient cash advance request and invoice processes. However, LAHSA did not:

- Properly account for all cash advances in their accounting records, or optimize their cash flow by utilizing all available cash advances from their funding sources and ensuring that reimbursement claims were submitted timely.
- Standardize their process for completing a comprehensive staffing analysis, including using clear methodologies that are supported with documentation, to assess their short and long-term staffing needs.
- Always reimburse their sub-recipients within the established timeframes. Of the ten recent Measure H sub-recipient payments made, all ten (100%) were paid after their targeted seven days, of which four (40%) were paid after the required 30 days. In addition, of the total \$5.6 million in their Accounts Payables at the time of our review, \$5.6 million (100%) were past due, of which \$790,384 (14%) related to Measure H.

The details of our review are included in Attachment I.



This report is also available online at auditor.lacounty.gov
Report Waste, Fraud, and Abuse: fraud.lacounty.gov

For questions regarding the contents of this report, please contact Agripino Alonso, Countywide Contract Monitoring Division Chief, at aalonso@auditor.lacounty.gov or (213) 253-0301.

FAST FACTS

On April 3, 2018, we issued our Phase I – Fiscal Operations Assessment Review report of LAHSA, which identified 16 recommendations with the following Priority Rankings:

- Priority 1: 8
- Priority 2: 4
- Priority 3: 4

Based on the results of this follow-up review, we've added an additional three recommendations related to our Priority 1 recommendations.

IMPLEMENTATION STATUS

ON
TARGET

9

NOT ON
TARGET

2

NOT YET
IMPLEMENTED

5

REPORT #B18001



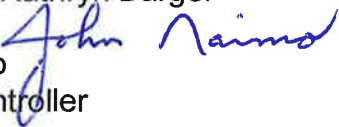
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JOHN NAIMO
AUDITOR-CONTROLLER

June 4, 2018

TO: Supervisor Sheila Kuehl, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: John Naimo 
Auditor-Controller

SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – MEASURE H –
PHASE I – FISCAL OPERATIONS ASSESSMENT FOLLOW-UP REVIEW
(Board Motion – April 10, 2018, Item 1)**

On April 10, 2018, your Board instructed the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (A-C), the Los Angeles Homeless Services Authority (LAHSA or Agency) and County Counsel, to report back in 30 days on strengthening the accountability of Measure H funds. Item 1 of the motion included a request to report back with the operational improvements that LAHSA has implemented in response to our Phase I – Fiscal Operations Assessment Review (Phase I), to increase their capacity to administer Measure H funds, including resulting improvements in performance. Details of the implementation statuses are included in Attachment I.

Scope and Objectives

The purpose of our Phase I review was to assess whether LAHSA's fiscal operations were appropriately designed to meet Measure H requirements and responsibilities outlined in their Operational Agreement with the CEO. In addition, we determined whether LAHSA complied with their established operational design and provided recommendations for improved efficiency to enhance their fiscal operation processes and ensure all Measure H requirements and responsibilities are met. This follow-up review focuses on evaluating the implementation statuses of the recommendations identified in our Phase I report.

In addition, it should be noted that we identified potential issues regarding LAHSA's sub-recipients' utilization of non-Measure H funds that were not within the intended scope of our review.

Specifically, LAHSA's Measure H contracts allow providers to recover administrative costs at a rate of 12% of their billings, versus 10% for their non-Measure H contracts. This may incentivize contractors to recover their costs from Measure H funds before recovering from federal and other funding sources. While it was not within our scope and objectives to ensure non-Measure H funds are being fully utilized, LAHSA management acknowledged that service providers may find it advantageous to exhaust their funding of Measure H funds before recovering from the other sources.

Review of Report

We discussed our report with LAHSA and the CEO. LAHSA's attached response to our follow-up review (Attachment II) indicates concurrence with the reported implementation statuses for nine of the 16 recommendations. For the remaining seven recommendations, LAHSA's response indicates partial concurrence but does not include any details that specifically refute our assessment of their implementation statuses. The CEO will work with LAHSA to ensure that all of our recommendations are implemented.

Follow-up Process

As part of the CEO's report back on the April 10, 2018 motion, we proposed an on-going monitoring plan to strengthen LAHSA's accountability of Measure H funds, and to provide assurance that our recommendations are implemented. Specifically, we proposed quarterly monitoring of LAHSA's operations and Measure H strategies, in addition to our plan to complete a Phase III review of LAHSA's Homeless Management Information System, and a Phase IV review of their Contract Monitoring Operations.

We thank LAHSA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Agripino Alonso at (213) 253-0301.

JN:AB:PH:AA:YP:jh

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Celia Zavala, Acting Executive Officer, Board of Supervisors
Noah Farkas, Board Chair, LAHSA
Peter Lynn, Executive Director, LAHSA
Audit Committee
Countywide Communications

**CHIEF EXECUTIVE OFFICE
LOS ANGELES HOMELESS SERVICES AUTHORITY
MEASURE H – PHASE I
FISCAL OPERATIONS ASSESSMENT
FOLLOW-UP REVIEW**

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
1	<p>Inadequate Staffing Levels: At the time of our review, LAHSA did not have appropriate staffing levels within their Finance Department to meet their current or anticipated workload, especially with the addition of their Measure H funding from the Chief Executive Office (CEO). For example:</p> <ul style="list-style-type: none"> • We noted a high turnover of Finance Department staff, particularly at the accountant/analyst level positions that are primarily responsible for processing sub-recipient cash advances and monthly invoices. For example, LAHSA is budgeted for seven full-time program accountant positions. However, at the time of our review, five (71%) of the seven positions were vacant with temporary staff being used to backfill four of the five vacant positions. • Finance Department's staff indicated they routinely worked overtime hours to complete the additional responsibilities placed on them due to inadequate staffing levels. • At the time of our review, LAHSA did not provide documentation to support that a comprehensive Agency-wide staffing assessment was completed to determine the appropriate level of staffing needed to properly operate the Agency's growing operations. <p>Subsequent to our review, LAHSA submitted their five page, "Fiscal Year 17-18 Staffing Analysis", dated January 11, 2018, in which LAHSA reported their plan to add 13 new positions to their Finance Department, increasing from 45 positions in FY 2016-17 to 58 positions in FY 2017-18.</p>	<p>LAHSA management immediately complete a comprehensive Agency-wide staffing assessment, including determining the cause for their high staff turnover, and develop a comprehensive staffing plan to address the short and long-term staffing needs of the Agency.</p> <p>Priority Ranking: 1¹</p>	<p>Agree Target Implementation Date: June 30, 2018</p> <p>LAHSA indicated they completed an Agency-wide staffing analysis during Fiscal Year (FY) 2017-18, and will continue to conduct assessments on the short and long-term staffing needs of the Agency to manage the increased responsibilities related to Measure H. LAHSA also indicated they hired a consultant to assess the causes of their high staff turnover and will continue to work with the consultant to implement their recommendations.</p>

¹ **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

IMPLEMENTATION STATUS: NOT ON TARGET FOR JUNE 30, 2018 IMPLEMENTATION	
1	<p>LAHSA has not yet completed the recommended comprehensive staffing assessment and plan to meet their target implementation date of June 30, 2018. LAHSA did not develop a standardized method for completing their staffing analyses that clearly identified the methodologies used in developing their FY 2017-18 staffing plan, or the methodologies they plan to use to assess their FY 2018-19 short and long-term staffing needs. For example, LAHSA could not demonstrate, or provide documentation to support, the methodologies used to develop their FY 2017-18 staffing plan.</p> <p>Since the issuance of our Phase I report, LAHSA filled five permanent positions in their Finance Department that were previously backfilled with temporary staff. However, LAHSA has experienced difficulty in hiring and retaining qualified staff, and appears to still lack adequate staffing levels in some key areas, such as sub-recipient payment processing, as mentioned in Issue 6 below.</p> <p>New Recommendation: LAHSA management ensure they standardize the method for completing their staffing analyses, including using clear methodologies that are supported with documentation, to ensure that adequate staffing levels are maintained.</p> <p>Agency Response: Partially Concur</p> <p>LAHSA indicated they did complete a FY 2017-18 staffing assessment, but acknowledged their FY 2017-18 staffing assessment was not in the standardized method, and are currently working with their consultant to ensure their staffing analysis incorporates best practices including a clear methodology and supporting documentation. In addition, LAHSA indicated they have revised the budgeting process to be standardized for next fiscal year.</p> <p>However, LAHSA has not yet completed, or provided a timeline as to when, the recommended comprehensive staffing assessments and plans will be completed to address their FY 2018-19 and subsequent fiscal years' staffing needs.</p>

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
2	<p>Retroactive Contracts: At the time of our review, LAHSA did not execute contracts with their sub-recipients timely, which resulted in delays in processing, approving, and paying sub-recipient cash advance requests and monthly invoices.</p> <p>We noted sub-recipients continued to provide services without having an executed contract in place.</p> <p>At the time of our review, LAHSA's policy was to hold payment to sub-recipients until their contracts with the sub-recipients have been executed. Management indicated the delays were caused by their funding sources and they could not legally enter into subcontracts until their contracts with the funding sources had been executed and finalized.</p> <p>At CEO's request, the Agency's contracting operations will be reviewed during our Phase II – Contracting Operations Assessment Review of LAHSA which we started in February 2018.</p>	<p>LAHSA management evaluate current contracting processes/operations to identify streamlining opportunities to ensure contracts with the funding sources and their sub-recipients are executed on time as required.</p> <p>Priority Ranking: 1¹</p>	<p>Agree Target Implementation Date: June 30, 2019</p> <p>LAHSA indicated they have identified and are in the process of implementing new streamlining opportunities, such as implementing a new system that will automate the contract workflow process, and establishing three-year terms for contracts funded by Measure H. In addition, the Agency indicated they hired a consultant to complete a contracting workflow assessment to identify additional streamlining opportunities, with the final report expected in March 2018. LAHSA also plans to implement a new grant management system, which is expected to improve contract processing time.</p>
IMPLEMENTATION STATUS: ON TARGET FOR JUNE 30, 2019 IMPLEMENTATION			
<p>LAHSA's project plan showed they completed the first implementation phase for their new automated contract management system, which included design configuration and testing. In addition, the Agency received their consultant's contracting workflow assessment, and indicated they will continue to identify additional streamlining opportunities during the implementation process of the new system.</p> <p>However, LAHSA remains at risk in this area until the full implementation of our recommendation, targeted for June 30, 2019. For example, LAHSA currently uses Microsoft Excel spreadsheets to manually track their subrecipient contracts. However, the spreadsheets were often missing necessary information, such as the contract execution dates, and the information was not always accurate. In addition, LAHSA new staffing plan does not accommodate LAHSA's 85% increase in contract obligation in FY 2017-18, or the significant increases in subsequent FYs. As a pass-through entity, the number of contracts will continue to increase as the Agency awards a majority of their funds to sub-recipients.</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

2	IMPLEMENTATION STATUS: ON TARGET FOR JUNE 30, 2019 IMPLEMENTATION (CONTINUED)		
	The above issues and recommendations will be addressed in our Phase II – Contracting Operations Assessment Review of LAHSA report to be issued no later than June 2018.		
	Agency Response: Concur		
	LAHSA indicated they agree with our assessment of their implementation status.		
	PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS		
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
3	<p>Inadequate Cash Flow to Pay Sub-Recipients: At the time of our review, LAHSA management indicated they did not have funding reserves or other resources, such as a line of credit, to pay their sub-recipients until they received payments from their funding sources since they are a pass-through agency.</p> <p>As of October 25, 2017, LAHSA’s Agency-wide unaudited year-to-date financial statements reported \$6.9 million in Accounts Payable (A/P) but had less than \$923,000 in Operating Cash. Of the \$6.9 million in A/P as of October 25, 2017, \$730,136 (11%) related to Measure H, \$1,567,971 (23%) related to other County programs, and the remaining \$4,572,479 (66%) related to LAHSA’s other non-County programs.</p> <p>At the time of our review, the Agency's policy was to issue payments to the sub-recipients after they received payments from their funding sources. However, we noted LAHSA did not submit their reimbursement claims to their funding sources until after the sub-recipients’ invoices had been processed and approved. As such, if there were any delays in the receipt and/or processing of sub-recipients’ invoices, this caused further delays in paying the sub-recipients.</p> <p>Subsequent to the completion our fieldwork in October 2017, LAHSA received a \$33.5 million cash advance on October 25, 2017, from the County to cover expenses related to Measure H, and an additional \$5 million in cash advances from the County’s Department of Public Social</p>	<p>LAHSA management explore options with banking institutions for obtaining a line of credit/revolving fund, and/or re-evaluate and discuss options with their funding sources, such as allowing billing for accruals, increasing frequency and limits of cash advance requests, and allowing for multiple reimbursement claims on an as needed basis, that would allow the Agency access to cash on a short-term basis.</p> <p>Priority Ranking: 1¹</p>	<p>Agree Target Implementation Date: Not Applicable (Implemented)</p> <p>LAHSA indicated they have improved their cash flow status and currently have adequate cash on hand. For example, the Agency worked with the County to obtain additional working capital and cash advances, and worked with their non-County funding sources to utilize available billing options (billing for accruals, increase billing frequency, etc.).</p> <p>In addition, LAHSA implemented a finance operations dashboard which allows the Agency to track their cash flow status to ensure that there is sufficient cash to pay their sub-recipients. In addition, the Agency indicated they have renewed the line of credit with</p>

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
3	Services (DPSS) from November 2017 through January 2018. However, LAHSA did not provide their current cash flow status.		their banking institution, which can be used to cover the Agency's operational expenses, if necessary.
IMPLEMENTATION STATUS: NOT YET IMPLEMENTED AS PREVIOUSLY INDICATED BY LAHSA			
<p>LAHSA did not always maintain adequate cash on hand to pay their short-term debts. Specifically, as of April 13, 2018, LAHSA only had approximately \$2.1 million in cash when their A/P totaled \$6.1 million, as indicated below in Issue 6. This can be due to the fact that LAHSA did not optimize their cash flow. For example:</p> <ul style="list-style-type: none"> The CEO indicated LAHSA did not fully utilize their remaining available Homeless Initiative (HI) funds, totaling approximately \$10 million. In August 2017, LAHSA was provided with initial, one-time carryover funding of \$25 million, approved by the Board of Supervisors for implementation of the County Homeless Programs and HI Strategies. LAHSA did not always submit their quarterly reimbursement claims for Measure H to the CEO timely, as mentioned in Issue 5 below. For example, the claims submitted in April 2018, which totaled approximately \$13.5 million, were originally due to the CEO no later than January 30, 2018, and would have improved their cash flow had LAHSA submitted them timely. <p>In addition, in FY 2017-18, LAHSA received approximately \$41 million in Measure H cash advances from the CEO. However, the Agency did not properly account for the cash advances in their accounting records. Specifically, LAHSA's accounting records identified approximately \$37 million as a Refundable Advance liability, and the remaining \$4 million as Measure H revenue instead of recognizing the full \$41 million as a liability to be repaid to the County. Subsequent to our review, LAHSA updated their records to reflect the full \$41 million.</p> <p>It should be noted that LAHSA also received \$2.9 million in cash advances from DPSS that were not reflected in their Refundable Advance liability account balance.</p> <p>New Recommendation: LAHSA management ensure that all cash advances are properly accounted for in their accounting records, and optimize their cash flow by utilizing all available cash advances from their funding sources and ensuring that reimbursement claims are submitted timely.</p> <p>Agency Response: Partially Concur</p> <p>New Target Implementation Date: July 1, 2018</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

3	IMPLEMENTATION STATUS: NOT YET IMPLEMENTED AS PREVIOUSLY INDICATED BY LAHSA (CONTINUED)		
	LAHSA indicated that due to a lack of clarity on how to treat Measure H and HI funds, cash requests were delayed which prevented the Agency from having enough funds to make payments. After discussions with the CEO, LAHSA subsequently updated their accounting records to appropriately account for the Measure H cash advances. In addition, LAHSA indicated they will ensure all available cash advances are utilized, recorded properly, and that reimbursement claims are submitted timely.		
	It should be noted that LAHSA did not provide documentation to support that they updated their accounting records to properly account for the cash advances they received from DPSS.		
	PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS		
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
4	<p>Lacked Documentation Supporting All Available Cash Advances from Funding Sources Were Obtained: At the time of our review, LAHSA management did not provide documentation to support that the Agency took full advantage of requesting and/or obtaining all cash advances allowed from their funding sources. Specifically, LAHSA did not:</p> <ul style="list-style-type: none">Identify all funding sources that allow for cash advances.Maintain a record of all cash advance requests made or received to date. <p>As a result, we were unable to verify whether LAHSA obtained all available cash advances from their funding sources.</p>	<p>LAHSA management ensure they are maximizing their options for cash advances from funding sources by identifying all funding sources that allow for cash advances and tracking all cash advances requested and received.</p> <p>Priority Ranking: 1¹</p>	<p>Agree Target Implementation Date: Not Applicable (Implemented)</p> <p>LAHSA indicated they have developed a log to effectively track cash advances by funding source to ensure they are maximizing all cash advances.</p>
	IMPLEMENTATION STATUS: NOT YET IMPLEMENTED AS PREVIOUSLY INDICATED BY LAHSA		
	LAHSA did not always maximize the use of available cash advances. Specifically, their cash advance tracking log identified \$3,052,972 in available and unrestricted cash advances the Agency had not requested.		
	Agency Response: Partially Concur		
	New Target Implementation Date: September 1, 2018		
	LAHSA indicated they will continue to work with their funders to ensure they have sufficient resources on hand by fully utilizing all available cash advances.		

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
5	<p>Reimbursement Claims Not Submitted Timely: At the time of our review, LAHSA did not always submit their reimbursement claims to their funding sources by their established due dates. In September 2017, LAHSA submitted 16 (22%) of 74 reimbursement claims after the established due dates.</p> <p>LAHSA's manual processes hinder the Agency's efficiency in their fiscal operations. According to LAHSA's staff, the number of reimbursement claims are expected to increase significantly due to Measure H, and as such, they may not be able to handle the additional workload with the current manual process. For example:</p> <ul style="list-style-type: none"> • LAHSA's staff are not notified when invoices from the sub-recipients are approved for payment, which should then trigger the initiation of the reimbursement claims to the funding sources. Instead, staff must manually review the A/P reports to determine which sub-recipients' invoices have been recently posted in order to process the reimbursement claims to the funding sources. <p>In addition, only hard copies of reimbursement claims are distributed to be reviewed and approved.</p>	<p>LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure that reimbursement claims to the funding sources are initiated timely and submitted within established due dates.</p> <p>Priority Ranking: 1¹</p>	<p>Agree Target Implementation Date: December 31, 2018</p> <p>LAHSA indicated they have implemented new procedures, such as the use of a cash request log, to ensure reimbursement claims to their funding sources are initiated timely and submitted within established due dates. In addition, the Agency is working with their Information Technology (IT) Department to identify processes that can be automated to improve efficiency and effectiveness.</p>
IMPLEMENTATION STATUS: ON TARGET FOR DECEMBER 31, 2018 IMPLEMENTATION			
<p>LAHSA reduced the amount of late reimbursement claims Agency-wide from 22% in September 2017 to 7% in March 2018, of which approximately \$12 million related to Measure H. For continued improvement, LAHSA indicated they are developing an automated process to ensure all reimbursement claims are initiated and submitted timely.</p> <p>As previously mentioned in Issue 3, LAHSA did not submit their quarterly Measure H reimbursement claims to the CEO timely. For example, LAHSA submitted their Second Quarter invoices in April 2018, totaling approximately \$13.5 million, which were originally due to the CEO no later than January 30, 2018. According to LAHSA's Operational Agreement (OA) with the CEO, invoices are required to be submitted within 30 days after the claim period.</p> <p>New Recommendation: LAHSA management should work with the CEO to re-negotiate the terms of their OA to allow the Agency to submit their reimbursement claims on an as needed basis to enhance their cash flow.</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

5	IMPLEMENTATION STATUS: ON TARGET FOR DECEMBER 31, 2018 IMPLEMENTATION (CONTINUED)																				
	Agency Response: Concur New Target Implementation Date: August 1, 2018. LAHSA indicated they will work with the CEO to re-negotiate the terms of their OA by July 1, 2018, and will ensure all available cash advances from funding sources are utilized and reimbursement claims are submitted timely.																				
	PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS																				
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE																		
6	<p>Payments to Sub-Recipients Not Paid Timely: At the time of our review, sub-recipients’ cash advance requests and invoices were not always paid timely.</p> <p>As of October 25, 2017, LAHSA’s Agency-wide A/P Aging Report identified \$4,955,318 (72%) of the \$6,870,586 in A/P were between 1 – 120 days past due as follows:</p> <table><tr><th>Days Past Due</th><th>Amount</th><th>% Past Due</th></tr><tr><td>1-30 days</td><td>\$3,162,846.80</td><td>46.03%</td></tr><tr><td>31-60 days</td><td>\$768,372.50</td><td>11.18%</td></tr><tr><td>61-90 days</td><td>\$1,012,044.50</td><td>14.73%</td></tr><tr><td>Over 90 days</td><td>\$12,054.54</td><td>0.18%</td></tr><tr><td>Total</td><td>\$4,955,318.34</td><td>72.12%</td></tr></table> <p>Of the \$4,955,318 in past due A/P, \$504,307 (10%) related to Measure H and \$1,412,204 (28%) related to other County Programs.</p> <p>For a sample of transactions reviewed, we noted that payments were at times received from the funding sources, but staff could not provide an explanation as to why the sub-recipients’ cash advance requests and invoices were not paid.</p>	Days Past Due	Amount	% Past Due	1-30 days	\$3,162,846.80	46.03%	31-60 days	\$768,372.50	11.18%	61-90 days	\$1,012,044.50	14.73%	Over 90 days	\$12,054.54	0.18%	Total	\$4,955,318.34	72.12%	<p>LAHSA management improve controls and oversight of the A/P function by strengthening procedures to ensure payments to sub-recipients are paid timely by identifying who will be responsible for following-up on aging A/P.</p> <p>Priority Ranking: 1¹</p>	<p>Agree</p> <p>Target Implementation Date: Not Applicable (Implemented)</p> <p>LAHSA indicated they have implemented a new A/P process that resulted in 97% of LAHSA’s payables being current as of January 2018. The Agency is also working with their IT Department and an outside vendor to further enhance their A/P functions.</p>
Days Past Due	Amount	% Past Due																			
1-30 days	\$3,162,846.80	46.03%																			
31-60 days	\$768,372.50	11.18%																			
61-90 days	\$1,012,044.50	14.73%																			
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Total	\$4,955,318.34	72.12%																			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

IMPLEMENTATION STATUS: NOT YET IMPLEMENTED AS PREVIOUSLY INDICATED BY LAHSA			
6	<p>LAHSA's sub-recipients were not always paid timely even though the Agency initiated a 7-day pay process to improve the timeliness of their sub-recipient payments. We reviewed a sample of ten Measure H sub-recipient payments made in February and March 2018, and noted that all ten (100%) were paid after the Agency's targeted seven days, of which four (40%) were paid after the required 30 days. LAHSA's payment processing is labor intensive, and currently, the delays appear to result from inadequate staffing levels, as mentioned in Issue 1. The Agency must continue to work with their IT Department to identify opportunities to enhance their A/P process.</p> <p>In addition, as of April 13, 2018, LAHSA's Agency-wide A/P Aging Report, which consisted of federal, County, and City of Los Angeles related transactions, identified approximately \$6.1 million in A/P, of which approximately \$4.3 million were past due 30 days. It should be noted that LAHSA's cash balance at the time was only \$2.1 million, as mentioned in Issue 3. On May 2, 2018, LAHSA provided their updated reports, in which LAHSA's Agency-wide A/P Aging Report identified that all of their \$5,609,038 (100%) in A/Ps were past due 30 days. Of the \$5,609,038 in total past due A/P, \$790,384 (14%), totaling 123 transactions, were related to Measure H. For reference, it should be noted that in March 2018, LAHSA processed \$19 million in A/P transactions Agency-wide.</p> <p>Agency Response: Partially Concur</p> <p>New Target Implementation Date: July 1, 2018.</p> <p>LAHSA indicated that due to a lack of clarity on how to treat Measure H and HI funds, cash requests were delayed which prevented the Agency from having enough funds to make payments. LAHSA also indicated they have improved controls and oversight of the A/P function, and are working with their consultant to identify additional opportunities to ensure payments to sub-recipients are paid timely.</p>		
PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
7	<p>Aged Accounts Receivables Not Followed up Timely: At the time of our review, LAHSA did not always follow up on their aged Accounts Receivables (A/R) timely. For example, the Agency did not contact the funding source until after the A/R was approximately 50 days old. Once staff followed up with the funding source, the cash requests were approved.</p>	<p>LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure they follow up on their aged A/R timely.</p> <p>Priority Ranking: 1¹</p>	<p>Agree Target Implementation Date: Not Applicable (Implemented)</p> <p>LAHSA indicated they have enhanced their A/R process to ensure the appropriate internal controls are in place to follow up on aged A/R timely.</p>

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

7	IMPLEMENTATION STATUS: NOT YET IMPLEMENTED AS PREVIOUSLY INDICATED BY LAHSA		
	As previously mentioned in Issues 3 and 5, LAHSA did not always submit their Measure H reimbursement claims to the CEO timely to enhance their cash flow.		
	Agency Response: Partially Concur		
	New Target Implementation Date: August 1, 2018.		
	PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS		
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
8	Fiscal Operations Lacked Management Oversight: LAHSA management did not always provide adequate oversight of key fiscal functions. For example, as indicated above: • Inadequate fiscal staffing levels. • Retroactive contracting with their sub-recipients. • Agency management did not ensure that their A/R and A/P units/divisions followed up on their aged receivables/payables timely.	LAHSA management provide adequate oversight of key fiscal functions. Priority Ranking: 1¹	Agree Implementation Date: February 28, 2018 LAHSA indicated they have enhanced oversight of key fiscal functions with the addition of three senior managers and six supervisors. In addition, LAHSA hired a consultant to provide recommendations regarding staffing and operational oversight.
	IMPLEMENTATION STATUS: NOT YET IMPLEMENTED AS PREVIOUSLY INDICATED BY LAHSA		
	As indicated in their response, LAHSA filled the additional positions, three managers and six supervisors, in their Finance Department. However, as demonstrated in Issues 4, 5, 6, and 7, LAHSA’s fiscal operations continues to lack management oversight.		
	Agency Response: Partially Concur		
	New Target Implementation Date: August 1, 2018		
	LAHSA indicated they are finalizing the selection of a permanent Chief Financial Officer, has a fully staffed finance management team, and is committed to ensuring adequate oversight of key fiscal functions.		
	However, as mentioned above, LAHSA’s fiscal operations continues to lack management oversight, as demonstrated in Issues 4, 5, 6, and 7.		

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
9	<p>Management Review and Approval Process Inefficiencies Over Payments to their Sub-recipients: LAHSA can improve their efficiency over the sub-recipients' cash advance requests and monthly invoice approval processes by re-evaluating the levels of review required.</p> <p>Based on the dollar amounts, LAHSA's policy requires <u>up to five</u> levels of review. Specifically:</p> <ul style="list-style-type: none"> \$10,000 or less – Senior Accountant \$10,001 - \$24,999 – Financial Manager \$25,000 - \$49,999 – Controller \$50,000 - \$99,999 – Chief Financial Officer (CFO) \$100,000 or more – Executive Director (ED) <p>Each of the sub-recipients' cash advance requests or invoices must be reviewed by each required level based on the dollar amount requested.</p> <p>When checks are prepared, the documents are then reviewed <u>again</u> by the two check signers, Controller, CFO, and/or ED.</p> <p>We noted approximately 57% of sub-recipients' expenditure transactions were approved by the Controller, CFO, and/or ED for the month of September 2017.</p> <p>We also noted the approval process for a sample of transactions needing approval by the CFO and/or ED, took between 12 to 71 days.</p>	<p>LAHSA management re-evaluate their current review and approval processes to improve efficiency and reduce the time required to process all of their transactions.</p> <p>Priority Ranking: 2¹</p>	<p>Agree Target Implementation Date: July 1, 2018</p> <p>LAHSA indicated they are implementing a streamlined approval process that will reduce the number of approvals from five to three, which will reduce the time needed to process transactions.</p>
IMPLEMENTATION STATUS: ON TARGET FOR JULY 1, 2018 IMPLEMENTATION			
<p>LAHSA revised their management approval thresholds to streamline the sub-recipient cash advance request and invoice processes. LAHSA's next step would be to configure their document management system to update their new approval thresholds.</p> <p>Agency Response: Concur</p> <p>LAHSA indicated they are working to reconfigure their documentation management system to be in line with the new approval thresholds and expects full implementation by July 1, 2018.</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
10	<p>Excessive Management Reviews and Approvals Over Reimbursement Claims to the Funding Sources: All reimbursement claims to the funding sources require <u>ALL</u> five levels of review and approval, regardless of the reimbursement request type and/or amounts, as follows: (1) Senior Financial Analyst, (2) Manager, Finance Administration [currently vacant], (3) Associate Director, (4) Controller, and (5) Chief Financial Officer.</p> <p>In September 2017, we noted there were 74 reimbursement requests that required all five levels of review and approval before submitting the reimbursement claims to the funding sources.</p>	<p>LAHSA management re-evaluate their review and approval processes for preparing and submitting the reimbursement claims to the funding sources.</p> <p>Priority Ranking: 2¹</p>	<p>Agree Target Implementation Date: July 1, 2018</p> <p>Similar to their response to Issue 9, LAHSA indicated they are implementing a streamlined approval process that will reduce the number of approvals from five to three, which will reduce the time needed to process the reimbursement claims.</p>
IMPLEMENTATION STATUS: ON TARGET FOR JULY 1, 2018 IMPLEMENTATION			
<p>LAHSA revised their management approval thresholds to streamline the reimbursement claim process. Specifically, we reviewed five Measure H reimbursement claims for March 2018 and verified that LAHSA reduced the total number of required approvals. LAHSA's next step would be to develop an automated process to ensure that all reimbursement claims are initiated and submitted timely.</p> <p>Agency Response: Concur</p> <p>LAHSA indicated that the reimbursement claims automation process is under development and on target to meet the implementation date of July 1, 2018.</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
11	<p>Unclear Job Roles and Responsibilities Within the Finance Department: At the time of our review, LAHSA did not provide adequate management oversight to ensure that Finance Department's staff were clear on their roles and responsibilities, or who was responsible for certain functions. For example, their Finance Department's employees did not know who was responsible for following up on delinquent A/P accounts, and as such, the delinquent A/P accounts were not resolved timely.</p>	<p>LAHSA management provide adequate oversight to ensure that responsible individuals are clear on their roles and responsibilities.</p> <p>Priority Ranking: 2¹</p>	<p>Agree Target Implementation Date: December 31, 2018</p> <p>LAHSA indicated, with the assistance of their consultant, they are revising their Finance Procedures, developing desk manuals, and providing comprehensive training to staff to ensure responsible individuals are clear on their roles and responsibilities.</p>
IMPLEMENTATION STATUS: ON TARGET FOR DECEMBER 31, 2018 IMPLEMENTATION			
<p>As mentioned in their response, LAHSA is currently working with their consultants to develop a fiscal operations manual and revise their Finance Procedures. LAHSA also developed their fiscal training curriculum, and expects to train all staff by June 2018, with full implementation of this recommendation by December 31, 2018.</p> <p>Agency Response: Concur</p> <p>LAHSA indicated they are in the process of revising their procedures, developing their operations manual, and training staff on the new protocols, and expects full implementation by December 31, 2018.</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
12	<p>Delays due to Errors or Incomplete Documentation: Sub-recipients' cash advance requests and invoices were not always processed timely due to improper coding or incomplete documentation required by LAHSA.</p> <p>At the time of our review, LAHSA's Finance Department did not have a central reference file that identified the contract requirements for each sub-recipient, which could assist staff in ensuring the required documents have been submitted and transactions were coded accurately.</p> <p>When necessary, staff had to locate the specific contract for each sub-recipient, and manually input the coding for each sub-recipient expenditure.</p>	<p>LAHSA management establish and use a centralized file that identifies each of the sub-recipients' contract requirements.</p> <p>Priority Ranking: 2¹</p>	<p>Agree Target Implementation Date: July 1, 2018</p> <p>LAHSA indicated they expect to fully implement a central reference file that will contain all sub-recipient contract requirements by July 2018.</p>
IMPLEMENTATION STATUS: ON TARGET FOR JULY 1, 2018 IMPLEMENTATION			
<p>LAHSA has developed a central reference file to identify each sub-recipient's contract requirements. The Agency is currently populating the file, and expects this to be completed by the end of this fiscal year.</p> <p>Agency Response: Concur</p> <p>LAHSA indicated they have developed a central file for sub-recipient contract requirements, and expects full implementation by the end of this fiscal year.</p>			
PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
13	<p>Lack of Quality Assurance Reviews: At the time of our review, LAHSA did not have an internal quality assurance process to evaluate their business operations' internal controls, compliance with internal policies and procedures, and/or compliance with contract requirements. The Agency's last internal control assessment performed by their Monitoring and Compliance Unit was conducted in 2014 due to staff shortages and turnover.</p>	<p>LAHSA management implement a quality assurance process to periodically evaluate internal business operations and its effectiveness to ensure compliance with internal controls, internal policies and procedures, and contract requirements.</p> <p>Priority Ranking: 3¹</p>	<p>Agree Target Implementation Date: July 31, 2018</p> <p>LAHSA indicated they are developing an internal monitoring team to ensure a more robust quality assurance process.</p>

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

13	IMPLEMENTATION STATUS: NOT ON TARGET FOR JULY 31, 2018 IMPLEMENTATION		
	At the time of our review, LAHSA had not yet developed a quality assurance plan or an internal monitoring team to meet their target implementation date of July 31, 2018. Although the Agency is currently recruiting for internal audit staff and expects to have a team in place by the end of this fiscal year, their timeline indicates they will not begin engagements until October 2018.		
	Agency Response: Partially Concur		
	LAHSA indicated they are actively recruiting to fill the new positions by July 1, 2018, and will develop an Internal Monitoring Plan by August 1, 2018.		
	However, as mentioned above, LAHSA does not plan to begin their internal monitoring engagements until October 2018, which is after their original target implementation date of July 31, 2018.		
	PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS		
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
14	Cross-Training of Staff: As mentioned earlier, due to high turnover in their Finance Department and staff shortages, the remaining staff, had to take on additional responsibilities outside of their assigned job functions. However, Finance Department’s staff voiced concerns that they had little or no cross-training to perform the additional duties required of them.	LAHSA management ensure that more than one employee can perform key job functions by cross-training staff. Priority Ranking: 3¹	Agree Target Implementation Date: July 1, 2018 LAHSA indicated they are updating existing procedures, which will be used to develop desk manuals for staff reference. In addition, the Agency is developing a training curriculum to ensure Finance Department staff are regularly trained on the updated procedures.
	IMPLEMENTATION STATUS: ON TARGET FOR JULY 1, 2018 IMPLEMENTATION		
	As mentioned in Issue 11, LAHSA developed their fiscal training curriculum and expects to train all staff by June 2018, which will ensure that staff are appropriately cross-trained.		
	Agency Response: Concur		
	LAHSA indicated they have developed the comprehensive training curriculum and are actively training staff through June 2018.		

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
15	<p>Policies and Procedures Not Updated or Consistently Followed: At the time of our review, LAHSA's fiscal policies and procedures manual was missing critical fiscal processes and had not been updated to reflect current actual practices since August 2016. For example:</p> <ul style="list-style-type: none"> • LAHSA did not have documented policies and procedures for following up on delinquent A/R or A/P. • LAHSA's policies and procedures manual reflected only hard copy invoice processing even though some of their sub-recipients' invoices were processed electronically. <p>In addition, LAHSA's management did not ensure compliance with their established fiscal policies and procedures. For example, the existing A/P policy indicates that the Administrative Financial Manager is responsible for reviewing the A/P aging report on a weekly basis to identify invoice payment delays and work with the finance team to ensure invoices are paid as promptly as possible. However, as noted above, the Agency's A/Ps were not adequately monitored to ensure sub-recipients' cash advances and invoices were paid promptly.</p>	<p>LAHSA management should review and update the existing fiscal policies and procedures manual to include critical fiscal processes and reflect updated practices that are/should be in place, and ensure staff are in compliance with their established policies and procedures.</p> <p>Priority Ranking: 3¹</p>	<p>Agree Target Implementation Date: July 1, 2018</p> <p>LAHSA indicated they updated their fiscal policies, which were approved by LAHSA's Commission, the Agency's governing body. With the assistance of their consultant, LAHSA is working on a training curriculum to ensure that Finance Department staff are trained on the updated procedures.</p>
IMPLEMENTATION STATUS: ON TARGET FOR JULY 1, 2018 IMPLEMENTATION			
<p>We verified that LAHSA updated their fiscal policies, and they were approved by LAHSA's Commission in January 2018. To ensure staff compliance, LAHSA is currently working with their consultant to provide training, which is expected to be completed by June 2018.</p> <p>Agency Response: Concur</p> <p>LAHSA indicated they have revised and approved fiscal policies, and are working with their consultant to ensure that staff training is on target.</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.

PHASE I – FISCAL OPERATIONS ASSESSMENT RESULTS			
	ISSUE	RECOMMENDATION	SUMMARY OF RESPONSE
16	<p>Lack of a Fiscal Operations Manual: At the time of our review, LAHSA did not have a comprehensive Fiscal Operations Manual, which was referenced in their fiscal policy and procedures manual. A Fiscal Operations Manual is important to ensure compliance with proper internal controls and to help standardize processes. In addition, documenting the technical work procedures for each position helps other employees perform necessary functions when the employee normally assigned to a particular duty is absent.</p>	<p>LAHSA management develop a comprehensive Fiscal Operations Manual for each position that includes step-by-step procedures for all assigned duties to ensure compliance with proper internal controls and to help standardize processes.</p> <p>Priority Ranking: 3¹</p>	<p>Agree Target Implementation Date: December 30, 2018</p> <p>LAHSA indicated they are working on developing a Fiscal Operations Manual that will incorporate ongoing process improvements in the Finance Department.</p>
IMPLEMENTATION STATUS: ON TARGET FOR DECEMBER 30, 2018 IMPLEMENTATION			
<p>As mentioned in Issue 11, LAHSA is working with their consultant to develop their fiscal operations/desk manual. The Agency provided a draft copy of the manual, and indicated they are on target to have this recommendation fully implemented by December 31, 2018.</p> <p>Agency Response: Concur</p> <p>LAHSA indicated that the development of their operations/desk manual is on target to be fully implemented by December 31, 2018.</p>			

¹ **Priority Ranking:** Recommendations were ranked from Priority 1 to Priority 3 based on the potential magnitude and likelihood for negative impact on the Agency's operations if corrective action is not taken. See Attachment III for detailed definitions of the priority rankings.



May 16, 2018

John Naimo
Auditor-Controller
Department of Auditor-Controller
Kenneth Hahn of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012

Subject: Response to Auditor-Controller Fiscal Operations Follow-up Review for Los Angeles Homeless Services Authority

Dear Mr. Naimo:

Peter Lynn
Executive Director

Board of Commissioners

Noah Farkas
Chair

Wandy Grauel
Vice Chair

Kelli Bernard

Sarah Dusseault

Mitchell Kamin

Lawson Martin

Irene Muro

Booker Pearson

Kelvin Sauls

Jacqueline Waggoner

The Los Angeles Homeless Services Authority (LAHSA) is in receipt of the Phase I Follow Up report in response to the Board of Supervisors' direction that the Chief Executive Officer (CEO), in consultation with the Auditor-Controller (AC), the Los Angeles Homeless Services Authority (LAHSA) and County Counsel, report back in 30 days on LAHSA's implementation of AC recommendations in the Phase I Fiscal Operations Assessment Review issued on April 3, 2018.

Due to the increase in funding that occurred with the passage of Measure H, a supplemental funding source to existing funding including HI, became available to pay for the Homeless Initiatives. It was not clear to LAHSA at the beginning of the fiscal year that the HI funds should be treated separately as funds in the FY 17-18 budgets, as well as spent down prior to the spend down of the Measure H funds. This misunderstanding resulted in the challenges related to Cash flow, Accounts Payable and Accounts Receivable that are highlighted by the A-C in Recommendations 3, 5, 6 and 7. While our initial approach to the treatment of the funds may have been incorrect, it was related to the information that we had at that time. To ensure that the funds are accounted for as intended moving forward, LAHSA has created a separate grant code for Measure H and is ensuring that expenses related to the activities funded by the Homeless Initiatives are allocated to HI prior to Measure H.

LAHSA concurs with the Auditor-Controller's proposed quarterly monitoring of LAHSA's operations and Measure H strategies to strengthen LAHSA's accountability of Measure H funds. In addition, LAHSA has identified areas where the AC can provide technical assistance to support the implementation of the recommendations. LAHSA has reached out to the CEO's office and the Accounting Unit to coordinate this process.

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RECOMMENDATION NO. 1

Inadequate Staffing Levels Recommendation: LAHSA management immediately complete a comprehensive Agency-wide staffing assessment, including determining the cause for their high staff turnover, and develop a comprehensive staffing plan to address the short and long-term staffing needs of the Agency.

Los Angeles Homeless Services Authority
AC Phase I Fiscal Operations
Follow-up Review
May 16, 2018
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Implementation Status: Not on Target

LAHSA has not yet completed the recommended comprehensive staffing assessment and plan to meet their target implementation date of June 30, 2018. LAHSA did not develop a standardized method for completing their staffing analyses that clearly identified the methodologies used in developing their FY 2017-18 staffing plan, or the methodologies they plan to use to assess their FY 2018-19 and long-term staffing needs. For example, LAHSA could not demonstrate, or provide documentation to support the methodologies used to develop their FY 2017-18 staffing plan.

Since the issuance of our Phase I report, LAHSA filled five positions in their Finance Department that were previously backfilled with temporary staff with permanent staff. However, LAHSA has experienced difficulty in hiring and retaining qualified staff, and appears to still lack adequate staffing levels in some key areas, such as with processing sub-recipient payments, as mentioned in Issue 6 below.

New Recommendation:

LAHSA management ensure that they standardize the method for completing their staffing analyses, including using clear methodologies that are supported with documentation, to ensure that adequate staffing levels are maintained.

LAHSA Response:

Partially Concur.

LAHSA did do an assessment of the FY 17-18 staffing needs for each department, however we do acknowledge that it was not in the standardized method that the A-C would prefer. We are currently working with our consultant to ensure our staffing analysis incorporates best practices including a clear methodology and supporting documentation. LAHSA has revised the 17-18 budgeting process to be standardized for 18-19 budget year. However, LAHSA will request AC technical assistance to ensure that our process meets the standards as laid out in the AC report.

RECOMMENDATION NO. 2

Retroactive Contracts Recommendation: LAHSA management evaluate current contracting processes/operations to identify streamlining opportunities to ensure contracts with the funding sources and their sub-recipients are executed on time as required.

Implementation Status: On Target

LAHSA's project plan showed that they completed the first implementation phase for their new automated contract management system, which included design configuration and testing. In addition, the Agency received their consultant's contracting workflow assessment, and indicated that they will continue to identify additional streamlining opportunities during the implementation process of the new system.

This issue and recommendation will also be addressed in our Phase II – Contracting Operations Assessment Review of LAHSA report to be issued no later than June 2018.

LAHSA Response:

LAHSA agrees with this assessment.

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RECOMMENDATION NO. 3

Inadequate Cash Flow to Pay Sub-recipients Recommendation: LAHSA management explore options with banking institutions for obtaining a line of credit/revolving fund, and/or re-evaluate and discuss options with their funding sources, such as allowing billing for accruals, increasing frequency and limits of cash advance requests, and allowing for multiple reimbursement claims on an as needed basis, that would allow the Agency access to cash on a short-term basis.

Implementation Status: Not Yet Implemented as Previously Indicated

LAHSA did not always maintain adequate cash on hand pay their short-term debts. Specifically, as of 4/13/18, LAHSA only had approximately \$2.1 million in cash when their A/P totaled \$6.1 million, as indicated below in Issue 6. This can be due to the fact that LAHSA did not optimize their cash flow. For example:

- The CEO indicated that LAHSA did not fully utilize their remaining available Homeless Initiative funds, totaling approximately \$10 million. In August 2017, LAHSA was provided with initial, one-time carryover funding of \$25 million, approved by the Board of Supervisors for implementation of the County Homeless Programs and Homeless Initiative Strategies.
- LAHSA did not always submit their quarterly reimbursement claims for Measure H to the CEO timely, as mentioned in Issue 5 below.

In addition, in FY 2017-18, LAHSA received approximately \$41 million in Measure H cash advances from the CEO. However, the Agency did not properly account for the cash advances in their accounting records. Specifically, LAHSA's accounting records identified approximately \$37 million as a Refundable Advance liability, and the remaining \$4 million as Measure H revenue instead of recognizing the full \$41 million as a liability to be repaid to the County.

Subsequent to our review, LAHSA updated their records to reflect the full \$41 million.

It should be noted that LAHSA also received \$2.9 million in cash advances from the Department of Public Social Services. However, the Agency's updated accounting records showed their Refundable Advance liability account totaled only \$41 million.

New Recommendation: LAHSA management ensure that all cash advances are properly accounted for in their accounting records, and optimize their cash flow by utilizing all available cash advances from their funding sources and ensuring that reimbursement claims are submitted timely.

LAHSA Response:

Partially Concur. Planned Implementation is July 1, 2018.

At the time of the review, LAHSA treated the Measure H cash advances as a working capital advance to issue advances to partner agencies, reimburse partner agency's monthly expenses and cover LAHSA Administrative Expenses; revenues were recognized as funds were expended and Cash Requests were submitted quarterly to replenish the advance. LAHSA has confirmed with the CEO's office that the advance should be treated as a Cash Advance and updated the agency's accounting records to show a liability account of \$41M. As was noted above, the lack of clarity around the necessity to treat Measure H and HI

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as two separate funding sources, with the intention to spend down HI for expenses related to the Homeless Initiatives first, led to the delays in LAHSA submitting timely Cash Requests to replenish the initial advance. LAHSA will ensure that during future fiscal years all available cash advances from funding sources are utilized, recorded properly and that reimbursement claims are submitted timely.

RECOMMENDATION NO. 4

Lacked Documentation Supporting All Available Cash Advances from Funding Sources were Obtained: LAHSA management ensure they are maximizing their options for cash advances from funding sources by identifying all funding sources that allow for cash advances and tracking all cash advances requested and received.

Implementation Status: Not Yet Implemented as Previously Indicated

LAHSA did not always maximize the use of available cash advances. Specifically, their cash advance tracking log identified \$3,052,972 in available and unrestricted cash advances that the Agency had not requested.

LAHSA Response:

Partially Concur. Full implementation expected by September 1, 2018.

LAHSA has updated our accounting records and the Cash Advance log showing actual Advances that were received and has reclassified Measure H cash advances to identify the funds as a liability. LAHSA management will continue to work with our funders to ensure that we have sufficient resources on hand by fully utilizing advances available to ensure timelier payments to our subrecipients.

RECOMMENDATION NO. 5

Reimbursement Claims Not Submitted Timely: LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure that reimbursement claims to the funding sources are initiated timely and submitted within established due dates.

Implementation Status: On Target

LAHSA reduced the amount of late reimbursement claims Agency-wide from 22% in September 2017 to 7% in March 2018, of which approximately \$12 million related to Measure H. For continued improvement, LAHSA indicated that they are developing an automated process to ensure that all reimbursement claims are initiated and submitted timely.

As previously mentioned in Issue 3, LAHSA did not submit their quarterly Measure H reimbursement claims to the CEO timely. For example, LAHSA submitted their Second Quarter invoices in April 2018, which were due by January 30th, 2018. According to LAHSA's Operational Agreement with the CEO, invoices are required to be submitted within 30 days after the claim period.

New Recommendation: LAHSA management should work with the CEO to re-negotiate the terms of their Operational Agreement to allow the Agency to submit their reimbursement claims on an as needed basis to enhance their cash flow.

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LAHSA Response:

Concur. Planned Implementation is August 1, 2018.

LAHSA agrees with the new recommendation and will work with the CEO to re-negotiate with the terms of our Operational Agreement by July 1, 2018. As was noted above, the lack of clarity around the necessity to treat Measure H and HI as two separate funding sources, with the intention to spend down HI for expenses related to the Homeless Initiatives first led to the delays in LAHSA submitting timely Cash Requests to replenish the initial advance. LAHSA will ensure that during future fiscal years all available cash advances from funding sources are utilized and that reimbursement claims are submitted timely.

RECOMMENDATION NO. 6

Payments to Sub-Recipients Not Paid Timely: LAHSA management improve controls and oversight over the A/P function by strengthening procedures to ensure payments to sub-recipients are paid timely by identifying who will be responsible for following-up on aging A/P.

Implementation Status: Not Yet Implemented as Previously Indicated

LAHSA's sub-recipients were not always paid timely even though the Agency initiated a 7-day pay process to improve the timeliness of their subrecipient payments. We reviewed a sample of ten Measure H sub-recipient payments made in February and March 2018, and noted that all ten (100%) were paid after the Agency's targeted seven days, of which four (40%) were paid after the required 30 days. LAHSA's payment processing is a labor intensive manual process, and currently, the delays appear to result from inadequate staffing levels, as mentioned above in Issue 1. The Agency must continue to work with their IT Department to identify opportunities to enhance their A/P process. In addition, as of April 13, 2018, LAHSA's Agency-wide A/P Aging Report identified approximately \$6.1 million A/P, of which approximately \$4.3 million were between 1 – 120 days past due. It should be noted that LAHSA's cash balance at the time was only \$2.1 million, as mentioned above in Issue 3.

On May 2, 2018, LAHSA provided their updated reports, in which LAHSA's Agency-wide A/P Aging Report identified all of their \$5,609,039 (100%) in A/Ps were between 1 – 120 days past due as follows:

Days Past Due	Amount	% Past Due
1-30 days	\$2,357,775	42%
31-60 days	\$1,933,570	34%
61-90 days	\$1,054,129	19%
Over 90 days	\$263,564	5%
Total	\$5,609,038	100%

Of the \$5,609,038 in total past due A/P, \$790,384 (14%), totaling 123 transactions, were related to Measure H. It should be noted that in March 2018, LAHSA processed \$19 million in A/P transactions Agency-wide.

LAHSA Response:

Partially Concur. Planned implementation is July 1, 2018.

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LAHSA is working with our IT Department and our accounting system vendor to deploy a more automated process. As was noted above, the lack of clarity around the necessity to treat Measure H and HI as two separate funding sources and the intention to spend down HI for expenses related to the Homeless Initiatives first. This thus led to the delays in LAHSA submitting timely Cash Requests to replenish the initial advance which prevented us from having the funds on hand to pay the expenses. Through an enhanced understanding of the need to account for Measure H and HI funds separately, the creation of a separate Grant Code to track Measure H funds separately from HI funds, and the onboarding of both an Associate Director of Finance Operations and Manager of Finance Admin, LAHSA management has improved controls and oversight over the A/P function and is working with KH consulting to continue to search for opportunities to strengthen procedures to ensure payments to sub-recipients are paid timely. The direct responsibility to follow up on A/P Aging falls under the responsibility of the Manager, Finance Admin, with supervision being provided by the Associate Director of Finance Operations., both positions are filled.

RECOMMENDATION NO. 7

Aged Accounts Receivables Not Followed-up Timely: LAHSA management re-evaluate their current operational processes and implement updated and/or automated procedures to ensure that they follow up on their aged A/R timely.

Implementation Status: Not Yet Implemented as Previously Indicated

As previously mentioned in Issues 3 and 5, LAHSA did not always submit their Measure H reimbursement claims to the CEO timely. Although LAHSA did not have any outstanding A/R related to Measure H at the time of our review, the Agency should ensure that their reimbursement claims are submitted timely to enhance their cash flow.

LAHSA Response:

Partially Concur. Full implementation is expected August 1, 2018.

As noted we did not have any outstanding A/R related to Measure H at the time of review. LAHSA will continue to reinforce the newly enhanced A/R Aging Action Plan which ensures appropriate Internal Controls are in place to follow-up on aged A/R timely. As we began to implement the new procedures, LAHSA encountered some challenges in preparation of cash requests. The reclassification of Measure H expenses to HI as instructed by the CEO caused delays in submitting our HI and Measure H cash requests. Those issues have been caught up and we are on track to fully utilize the HI funds before drawing Measure H funds.

RECOMMENDATION NO. 8

Fiscal Operations Lacked Management Oversight: LAHSA management provide adequate oversight over key fiscal functions.

Implementation Status: Not Yet Implemented as Previously Indicated

As indicated in their response, LAHSA filled the additional positions, three managers and six supervisors, in their Finance Department. However, as demonstrated above in Issues 4, 5, 6, and 7, LAHSA's fiscal operations continues to lack management oversight.

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LAHSA Response:

Partially Concur. Full Implementation expected by August 1, 2018.

As of the review while LAHSA finalizing the selection of a permanent CFO, in the interim the position is being filled by Terry Matsumoto. LAHSA's Finance Management team that reports to the Director of Finance is fully staffed with the three associate directors, seven managers and seven supervisors. The Finance Management team is fully committed to ensuring that we provide adequate oversight over key fiscal functions and meet on a weekly basis to review and discuss key metrics from each unit. Additionally, through the LAHSA training academy and management team meetings, LAHSA will ensure staff are adequately trained on their roles and responsibilities, that there is appropriate coverage of all key fiscal functions, and that oversight roles are well-defined. LAHSA is committed to ensuring adequate fiscal operations oversight and continues to assess our management oversight.

RECOMMENDATION NO. 9

Management Review and Approval Process Inefficiencies Over Payments to their Sub-recipients: LAHSA management re-evaluate their current review and approval processes to improve efficiency and reduce the time required to process all of their transactions.

Implementation Status: On Target

LAHSA revised their management approval thresholds to streamline the sub-recipient cash advance request and invoice processes. LAHSA's next step would be to configure their document management system to update their new approval thresholds.

LAHSA Response:

Concur. Full implementation is expected July 1, 2018.

We are working to configure our document management system to be line with new approval thresholds.

RECOMMENDATION NO. 10

Excessive Management Review and Approval Over Reimbursement Claims to the Funding Sources: LAHSA management re-evaluate their review and approval processes for preparing and submitting the reimbursement claims to the funding sources.

Implementation Status: On Target

LAHSA revised their management approval thresholds to streamline the reimbursement claim process. Specifically, we reviewed five Measure H reimbursement claims for March 2018 and verified that LAHSA reduced the total number of required approvals. LAHSA's next step would be to develop an automated process to ensure that all reimbursement claims are initiated and submitted timely.

LAHSA Response:

Concur. Full implementation expected by July 1, 2018.

The reimbursement claims automation process is under development and is on target.

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RECOMMENDATION NO. 11

Unclear Job Roles and Responsibilities Within the Finance Department: LAHSA management provide adequate oversight to ensure that responsible individuals are clear on their roles and responsibilities.

Implementation Status: On Target

As mentioned in their response, LAHSA is currently working with their consultants to develop a fiscal operation manual and revise their Finance Procedures. LAHSA also developed their fiscal training curriculum, and expects to train all staff by June 2018, with full implementation of this recommendation by December 31, 2018.

LAHSA Response:

Concur. Full implementation expected by December 31, 2018.

LAHSA agrees with this assessment. LAHSA and our consultants, are in the process of revising our procedures, developing an operation manual, and training staff to these new protocols.

RECOMMENDATION NO. 12

Delays due to Errors or Incomplete Documentation: LAHSA management establish and use a centralized file that identifies each of the sub-recipients' contract requirements.

Implementation Status: On Target

LAHSA has developed a central reference file to identify each subrecipient's contract requirements. The Agency is currently populating the file, and expects this to be completed by the end of this FY.

LAHSA Response:

Concur. Full implementation expected by July 31, 2018.

LAHSA has developed a central file for subrecipient contract requirements.

RECOMMENDATION NO. 13

Lack of Quality Assurance Reviews: LAHSA management implement a quality assurance process to periodically evaluate internal business operations and its effectiveness to ensure compliance with internal controls, internal policies and procedures, and contract requirements.

Implementation Status: Not on Target

At the time of our review, LAHSA had not yet developed a quality assurance plan or an internal monitoring team to meet their target implementation date of July 31, 2018. Although the Agency is currently recruiting for internal audit staff and expects to have a team in place by the end of this FY, their timeline indicates that they will not begin engagements until October 2018.

LAHSA Response:

Partially concur. Full implementation expected by August 1, 2018.

LAHSA is actively recruiting to fill these new positions and is on target to fully onboard staff by July 1, 2018. Implementation of an Internal Monitoring Program will begin in July 2018, in alignment with the

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timeline that has been established. Once the team is in place LAHSA management will work with them to develop a risk analysis and the Internal Monitoring Plan, which will be completed by August 1, 2018.

RECOMMENDATION NO. 14

Cross-Training of Staff: LAHSA management ensure that more than one employee can perform key job functions by cross-training staff.

Implementation Status: On Target

As mentioned above in Issue 11, LAHSA developed their fiscal training curriculum and expects to train all staff by June 2018, which will ensure that staff are appropriately cross-trained.

LAHSA Response:

Concur. Full implementation expected by June 2018.

We developed the comprehensive training curriculum and are actively training staff through June 2018.

RECOMMENDATION NO. 15

Policies and Procedures Not Updated or Consistently Followed: LAHSA management should review and update the existing fiscal policies and procedures manual to include critical fiscal processes and reflect updated practices that are/should be in place, and ensure staff are in compliance with their established policies and procedures.

Implementation Status: On Target

We verified that LAHSA updated their fiscal policies, and that they were approved by LAHSA's Commission in January 2018. To ensure staff compliance, LAHSA is currently working with their consultant to provide training, which is expected to be completed by June 2018.

LAHSA Response:

Concur. Full implementation expected by June 2018.

We have revised, approved fiscal policies and are working with our consultant to ensure staff training is on target.

RECOMMENDATION NO. 16

Lack of a Fiscal Operations Manual: LAHSA management develop a comprehensive fiscal operations manual for each position that includes step-by-step procedures for all assigned duties to ensure compliance with proper internal controls and to help standardize processes.

Implementation Status: On Target

As mentioned in Issue 11, LAHSA is working with their consultant to develop their fiscal operations/desk manual. The Agency provided a draft copy of the manual, and indicated that they are on target to have this recommendation fully implemented by December 31, 2018.

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LAHSA Response:

Concur. Full implementation expected by December 2018.

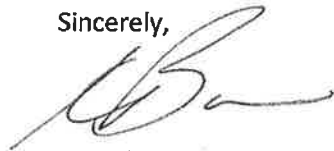
LAHSA agrees with this assessment. Development of the operation/desk manual is on target.

Conclusion

We appreciate the opportunity to address the Auditor-Controller Fiscal Operation Review Follow-up. We look forward to continuing our collaboration in the administration of Measure H funding with the Chief Executive Office and with the Auditor-Controller to ensure the continued success in assisting individuals and families experiencing homelessness and the programs that serve them in the County of Los Angeles. LAHSA is committed to continuous quality improvement and welcomes technical assistance to support our implementation of the AC's recommendations.

If you or your staff have any questions or require additional information, please contact Darcie Mulholland, Monitoring and Compliance Associate Director at (213) 225-8449 or by email at dmulholland@lahsa.org.

Sincerely,

 for Peter Lynn

Peter Lynn
Executive Director

Cc: Karla Barrow
Terry Matsumoto
Kristina Dixon
Tom Waldman
Chris Callandrillo
Darcie Mulholland
Jeffrey Samson
Rhonda Wilson

LOS ANGELES COUNTY AUDITOR-CONTROLLER

PRIORITY RANKING DEFINITIONS

Auditors use professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if corrective action is not taken and the seriousness of the adverse impact. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a) The quality of services departments or contractors provide to the community,
- b) The accuracy and completeness of the County or contractor's books, records or reports,
- c) The safeguarding of County assets,
- d) The County's or contractor's compliance with pertinent rules, regulations or laws,
- e) The achievement of critical programmatic objectives or program outcomes, and/or
- f) The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's/contractor's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the contractor's operations and must be corrected or more serious exposures could result.

Target Implementation Dates

Target implementation dates are based on the nature of each finding and the expected timeframe required to implement the recommendation. Departments must ensure contractors implement recommendations by the target implementation dates.