

REVISED MOTION BY SUPERVISORS LINDSEY P. HORVATH February 27, 2024

AND KATHRYN BARGER

Fiscal Audit of the Los Angeles Homeless Services Authority (LAHSA)

As Los Angeles County continues to combat the humanitarian crisis that is homelessness, every entity that plays a role in ending the crisis must be challenged, evaluated, and supported to ensure optimal performance.

Over the last year, the Los Angeles Homeless Services Authority (LAHSA) has pursued significant changes to perform their role more effectively as the lead for the Los Angeles Continuum of Care, starting with its leadership. In an unprecedented move, two Los Angeles County Supervisors and the Mayor of Los Angeles appointed themselves to the LAHSA Commission, the governing body for LAHSA, to elevate its importance, reinforce the gravity and urgency of the issue, and ensure mandates are fulfilled. The commission is also comprised of elected officials representing two independent cities, a former Los Angeles citywide elected official, a formerly unhoused commissioner with lived experience, and a health services researcher focused on homelessness and housing. A new Chief Executive Officer, Dr. Va Lecia Adams Kellum, was appointed, and new agency leadership has been, and continues to be, identified.

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LAHSA's continued reflection on its structure and transition of its leadership team provides an opportune moment to assess the agency's internal fiscal practices. The intention of this audit is to provide a clear and accurate picture of the financial health and practices of LAHSA to best inform incoming financial leadership and staff.

In addition to leadership change, LAHSA's fiscal operations are crucial to its success, particularly the Finance, Contracts and Procurement, Risk Management, and Grants Management and Compliance units. It is imperative that these units perform successfully so LAHSA is able to finance a well-functioning homeless service system that is prudent with taxpayer funds and serves as many unhoused Angelenos as possible.

These units cannot function in siloes. Every unit that facilitates contracts must cooperatively engage with the other units on which they rely. Success must be determined not only by the individual unit's competencies, but by each unit's ability to work in an integrated manner.

This time of transition and growth at LAHSA is the ideal moment for a fiscal operations review with a focus on functional efficiency and feedback on potential structural adjustments to be implemented by LAHSA to provide transparency and accountability to the public and to fulfill its mission.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Direct the Auditor-Controller, in collaboration with the Chief Executive Officer with all relevant County departments and LAHSA leadership, to conduct an audit of LAHSA's fiscal operations, including but not limited to the Finance, Contracts, Risk Management, and Grants Management and Compliance units. The audit should

leverage relevant prior LAHSA audits to assess the coordination between organizational units and make additional recommendations for improvement.

2. Report back to the Board within 60 days with a detailed scope of work for this engagement, including, if needed, expansion of the audit scope beyond the aforementioned areas, to potentially include a strategic business process analysis and workplan based on the audit's findings.
3. ~~Direct the Chief Executive Officer to identify funding for the fiscal audit.~~

3.4. Delegate authority to the Auditor-Controller, or his designee, to enter into negotiations and execute contract amendments to perform the audit and aforementioned directives.

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