Chief Executive Office.

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICER
Fesia A. Davenport

PUBLIC SAFETY CLUSTER
AGENDA REVIEW MEETING

DATE: **Wednesday, February 1, 2023**
TIME: **9:30 a.m.**

THIS MEETING WILL CONTINUE TO BE CONDUCTED VIRTUALLY TO ENSURE THE SAFETY OF MEMBERS OF THE PUBLIC AND EMPLOYEES AS PERMITTED UNDER STATE LAW.
TO PARTICIPATE IN THE MEETING CALL TELECONFERENCE NUMBER: (323) 776-6996
ID: 169948309# Click here to join the meeting

AGENDA

Members of the Public may address the Public Safety Cluster on any agenda item by submitting a written request prior to the meeting. Two (2) minutes are allowed per person in total for each item.

1. **CALL TO ORDER**

2. **GENERAL PUBLIC COMMENT**

3. **INFORMATIONAL ITEM(S):** [Any Information Item is subject to discussion and/or presentation at the request of two or more Board offices with advance notification]:

   A. NONE

4. **PRESENTATION/DISCUSSION ITEM(S):**

   A. Board Briefing:
   PROBATION OVERSIGHT COMMISSION (POC) AND OFFICE OF INSPECTOR GENERAL (OIG) PROBATION MONTHLY BRIEFING
   Speaker(s): Wendelyn Julien (POC) and Eric Bates (OIG)

   B. Board Briefing:
   OFFICE OF DIVERSION AND REENTRY (ODR) AUDIT REPORT
   Speaker(s): Rica Cabigas and Gabriela C. Banuelos (Auditor-Controller)

5. **PUBLIC COMMENTS**

6. **ADJOURNMENT**

7.   UPCOMING ITEMS:

  A. NONE

IF YOU WOULD LIKE TO EMAIL A COMMENT ON AN ITEM ON THE PUBLIC SAFETY CLUSTER AGENDA, PLEASE USE THE FOLLOWING EMAIL AND INCLUDE THE AGENDA NUMBER YOU ARE COMMENTING ON:

PUBLIC_SAFETY_COMMENTS@CEO.LACOUNTY.GOV

Report to Public Safety Cluster

Presented By:
Wendelyn Julien, Executive Director
February 1, 2023

The mission of the Probation Oversight Commission (POC) is to re-imagine probation services in the County of Los Angeles to achieve accountability, transparency, and healing of the people served by and working for the Probation Department. The POC creates pathways for community engagement to foster trust between the community and the Probation Department. The POC ensures adherence to the highest ethics and the proper stewardship of public funds to support Probation in achieving the best outcomes for youth and adults on Probation.

PROBATION OVERSIGHT COMMISSION OF LOS ANGELES COUNTY

OC Spray Phase Out

- The POC continues to review the weekly Oleoresin Capsicum (OC) Spray reports and meet regularly with the Probation Department and the Office of Inspector General (OIG) to ensure that the Department successfully eliminates the use of OC spray in the units that house developmentally disabled youth and girls and gender expansive youth at Central Juvenile Hall (CJH) in compliance with the Board of Supervisors' (Board) motion.
- The POC will continue to track the use of OC spray, the training of staff, and the progress towards full phase out of OC spray as the Board ordered in 2019 and reiterated in December 2022.

Employee Town Halls

- Commissioners of the POC have held three employee-only Town Halls where Probation staff have had the opportunity to speak freely with Commissioners about their concerns and ideas for the Department. Issues discussed include concerns about safety, training, tools, communication, job security, and planning for SYTF.

Secure Youth Treatment Facilities (SYTF)

- The POC continues to ask the Probation Department for regular reports on:
  - o Movement of SYTF youth to Campus Kilpatrick
  - o Programming and services for SYTF youth at Campus Kilpatrick and Barry J. Nidorf Juvenile Hall (BJNJH)
  - o Policies, practices, and training opportunities for staff serving SYTF youth
  - o Permanent site selection for SYTF

POC News!

- New Officers will be elected at the January 26th POC meeting. The staff and Commissioners of the POC sincerely thank Franky Carrillo for his service as Chair for the first two years of the POC's tenure.
- Interviews are underway for two new POC Commissioners.

Recent Meetings:

November 14 &16, 2022
- Probation's Grievance, PREA, and Complaint policies
- OC Spray Report
- Report on Inspections

December 8, 2022
- Hiring Freeze
- OC Spray update
- OIG Reports
- SYTF Update

January 12, 2023
- OC Spray update
- OIG Reports
- Sexual Misconduct Hearings Update
- BJNJH/CJH Inspections

Upcoming Meetings:

January 25, 2023
- Employee Town Hall

January 26, 2023
- POC Elections
- Chief's 2023 Priorities
- SYTF Update

February 9, 2023
- OC Spray update
- OIG Report on El Monte Incident
- Youth Bill of Rights

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

December 29, 2022

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller

SUBJECT: **DEPARTMENT OF HEALTH SERVICES' OFFICE OF DIVERSION AND REENTRY - FISCAL, PROGRAM, AND CONTRACTING REVIEW**

With the support and active participation of the Department of Health Services' (DHS or Department) Office of Diversion and Reentry (ODR or Program) management, we evaluated the design of ODR's processes and controls over their fiscal, program, and contracting operations to determine whether they provide reasonable assurance to management that objectives are being achieved and are in compliance with County and departmental policies, and industry best practices.

We noted opportunities to improve ODR's fiscal, program, and contracting processes, controls, and controls monitoring, which management has agreed to strengthen. For example:

- ODR management will ensure Key Performance Indicators (KPIs) are established to assist management in monitoring the Program and their contractors' performance and assess its progress in achieving its mission and goals in an effective, efficient, and tangible manner.

- ODR management will establish ongoing self-monitoring processes to ensure fiscal, program, and contracting operations and KPIs are regularly evaluated, and develop additional written standards and procedures to adequately guide supervisors and staff in the performance of their duties.

These enhancements will provide greater assurance that ODR's objectives are achieved and their fiscal, program, and contracting operations are in compliance with County requirements, and assist management in promptly identifying and correcting any control weaknesses or instances of non-compliance.

For details of our review, see Attachment I. The Department's response, included in Attachment II, indicates agreement with 14 recommendations, disagreement with one recommendation, and partial agreement with one recommendation.

We thank DHS management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:RGC:MP:JU:rc

Attachments

c: Fesia A. Davenport, Chief Executive Officer
     Celia Zavala, Executive Officer, Board of Supervisors
     Christina R. Ghaly, M.D., Director, Department of Health Services

Department of Health Services
Office of Diversion and Reentry
Fiscal, Program, and Contracting Review

At the Special Meeting of the Audit Committee on September 14, 2021, the Third Supervisorial District requested the Auditor-Controller (A-C) to conduct a fiscal, program, and contracting review of the Department of Health Services' (DHS or Department) Office of Diversion and Reentry (ODR or Program). Specifically, the Audit Committee requested the A-C:

- To conduct a fiscal and programmatic audit of ODR to assess ODR's financial and programmatic practices and policies in order to ensure that proper assessment and accountability measures have been implemented.

- Ensure that any comparisons to contracts from other County departments consider the relative scopes of service, terms, and rates of each contract.

Background and Scope

ODR was established within DHS in September 2015 by the Los Angeles County Board of Supervisors (Board). At the time of our review, ODR's mission was to develop and implement countywide criminal justice diversion (i.e., divert pretrial clients from jail/prison to treatment/programs) for persons with mental and/or substance use disorders, to provide reentry (i.e., transition from jail/prison into the community) support services based on individual needs, and to reduce youth involvement with the justice system. ODR had 58 County employees and approximately 50 contract staff within four sub-divisions and managed 16 programs (Table 3) in collaboration with other County departments (e.g., Sheriff's Department (Sheriff), Probation Department (Probation), and Department of Mental Health (DMH)) and through over 80 contracts with various providers and community-based organizations (e.g., HealthRight 360, Victory Starts Now, and Christ Centered Ministries). ODR's Fiscal Year (FY) 2021-22 total funding sources and expenditures were $204.3 and $198.9 million, respectively (Table 1).

We reviewed the design of ODR's processes and controls over their fiscal, program, and contracting operations to determine whether they provide reasonable assurance that the Program is achieving its goals and objectives. Specifically, we conducted a high-level evaluation of ODR's fiscal and program operations, including management oversight, budgeting, forecasting, funding, expenditures, and Program strategies and Key Performance Indicators (KPIs), and conducted in-person walk-throughs of three ODR program sites (i.e., Developing Opportunities and Offering Reentry Solutions (DOORS), The Chrysalis Center, and Amity Foundation). In addition, we evaluated ODR's contracting operations to determine whether their contract solicitation, evaluation, selection, monitoring, and reporting processes were appropriate and in accordance with County and Program guidelines, benchmarked a sample of their contracts with similar County contracts in other departments, and assessed ODR's collection and tracking of contractor performance data.

Our review was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

Scope Exclusions

Our review primarily included an evaluation of the design of internal controls and specific fiscal analyses. We did not review each specific program under ODR in extensive detail or sample from all funding sources and expenditures. In addition, our review was limited to reviewing DHS Contracts and Grants

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.

(Contracts & Grants) and Centralized Contract Monitoring (Contract Monitoring) Divisions' coordination and monitoring of ODR's contracting processes, since ODR does not have its own contracts and grants staff/units. The A-C will conduct a comprehensive review of DHS' overall contracting processes and operations in accordance with our audit plan, the results of which will be reported on separately.

It is ODR management's responsibility, in partnership with DHS' Finance, Contracts & Grants, and Contract Monitoring Divisions to ensure fiscal, program, and contracting controls are operating as intended.

Subsequent Events

On March 1, 2022, the Board passed a motion that would move ODR's non-clinical adult and youth diversion and reentry services to the newly established Justice, Care and Opportunities Department (JCOD) and Department of Youth Development (DYD), respectively. ODR's clinical adult diversion and reentry services will remain under DHS. The Board's intention in establishing the new departments is to address the existing County infrastructure deficiencies by centralizing the administration of services/programs for those who are justice impacted and/or vulnerable to justice system involvement and integrate service delivery to the extent needed to achieve true justice reform.

Table 3 details the programs that will move from DHS to JCOD and DYD. As of July 2022, ODR's youth operations have been moved to DYD. In addition, based on recent Board action, ODR's reentry operations are projected to move to JCOD effective November 15, 2022. DHS continues to provide transitional support to the ODR programs that will be moved, including contracting and Information Technology (IT) activities. The recommendations included in this report should be addressed by DHS, JCOD, and DYD, as necessary.

In addition, on October 4, 2022, the Board approved the FY 2022-23 Supplemental Budget (see Recommended Adjustments to the FY 2022-23 Adopted County Budget to Reflect Various Changes and Authorization to Execute Funding Agreements) to resolve structural deficits in key programs, including eliminating ODR's structural deficit that we discuss below, since the State of California (State) and local revenues have increased ahead of projections.

We will assess and report on the status of these subsequent events during a follow-up review.

Fiscal

ODR's fiscal activities are captured within the following fund and budget units:
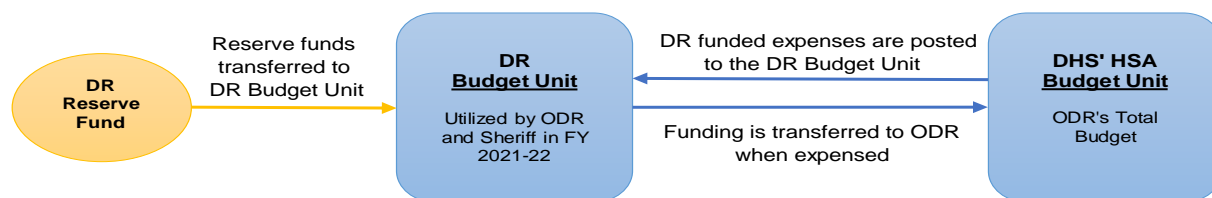
- Diversion and Reentry (DR) Reserve Fund (A01-301V) - A reserve fund maintained by the Chief Executive Office (CEO) that holds unused obligated funding (unspent Net County Cost) earmarked for diversion and reentry activities, which are exclusively transferred into the DR Budget Unit by ODR when other funding sources are insufficient to cover expenditures. The FY 2021-22 ending balance was $112.6 million in one-time funding.

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- DR Budget Unit - The budget unit was established by the Board to provide an initial investment primarily comprised of one-time funds and was created to account for countywide diversion and reentry funds and expenditures, including those for ODR. The budget unit receives funds from the DR Reserve Fund and various other sources (e.g., Assembly Bill (AB) 109, Senate Bill (SB) 678, and Juvenile Justice Crime Prevention Act (JJCPA) funds). In FY 2021-22, there was $128.5 million available to offset expenditures, of which $127.5 million was utilized by and transferred to DHS for ODR, and the remaining funds were utilized by the Sheriff.

- DHS' Health Services Administration (HSA) Division Budget Unit - The total of ODR's fiscal activities are accounted for under HSA's budget unit (Table 1), including any transfers from the DR Budget Unit. ODR's FY 2021-22 total funding sources and expenditures were $204.3 and $198.9 million, respectively.

Table 1 Office of Diversion and Reentry Sources and Expenditures FY 2019-20 through FY 2021-22			
(in thousands)	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
Sources:			
Diversion and Reentry Budget Unit	$ 101,466	$ 119,584	$ 127,119
State Grants & Other	31,134	37,074	57,239
COVID-19 Grant(s)	1,975	7,283	4,545
Non-Patient Care Revenue	2,737	3,735	-
California Advancing & Innovating Medi-Cal	-	-	8,059
Federal Grants	-	2,278	758
Other Revenues	-	-	6,464
Operating Transfers In	-	25	100
Federal Others	133	-	-
Total Sources	$ 137,445	$ 169,979	$ 204,284
Expenditures:			
Services & Supplies	$ 130,728	$ 160,818	$ 188,705
Salaries & Employee Benefits	6,717	8,811	10,166
Other Charges & Capital Assets	-	1	-
Total Expenditures	$ 137,445	$ 169,630	$ 198,871
Net Surplus/(Deficit)	$ -	$ 349	$ 5,413

Budget Structure

The DR Budget Unit was initially established to account for funding earmarked for diversion and reentry activities across all County departments. However, we noted that ODR utilized most of the funds in the DR Budget Unit in FY 2021-22, and the CEO indicated that the budget unit will solely be utilized by ODR beginning in FY 2022-23. Therefore, to increase fiscal transparency, all ODR funding/expenditure activities should be consolidated under one budget unit (i.e., combine the DR Budget Unit and ODR's HSA Budget Unit fiscal activities).

In addition, the HSA Finance team that supports and manages ODR's fiscal activities indicated that having the separate DR Budget Unit creates increased ancillary administrative work, such as additional reporting and monitoring requirements (e.g., budget submissions, budget status reports, and financial forecasts) and creates timing delays for claims, which could be avoided by having all funding/expense activities under a single budget unit.

ODR management should work with the CEO to analyze the current diversion and reentry funding budget structure to assess the feasibility of consolidating ODR's funding/expense activities under

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one budget unit to increase transparency and eliminate inefficiencies and consider the fiscal implications of the creation of JCOD and DYD in assessing these restructuring efforts.

Recommendation:

1. **Priority 1** **- ODR management work with the Chief Executive Office to analyze the current diversion and reentry funding budget structure to assess the feasibility of consolidating ODR's funding/expense activities under one budget unit to increase transparency and eliminate inefficiencies and consider the fiscal implications of the creation of the Justice, Care and Opportunities Department (JCOD) and Department of Youth Development (DYD) in assessing these restructuring efforts.**

    Department Response: Agree. ODR indicated that the current structure already provides transparency, ensures appropriate tracking of funds, and provides the CEO with necessary visibility and oversight of program expenditures and funding sources. Consolidation of ODR's funding/expense activities in one budget unit will not create greater transparency or efficiency. The creation of JCOD and DYD are complete, and they do not anticipate impact on ODR budget structure going forward.
    Implementation Date: November 15, 2022

    Auditor Response: ODR's response indicates they have completed this recommendation since the current budget structure provides CEO with sufficient fiscal transparency. **However**, it does not provide sufficient transparency to the public or other stakeholders. Specifically, the County's Budget Summaries for the DR Budget Unit indicate that this is the ODR budget unit and does not refer to DHS' HSA Budget Unit, which reflects all of ODR's fiscal activities. In addition, some stakeholders we interviewed during our audit indicated they were not aware that the DR Budget Unit did not capture the entirety of ODR's budget and fiscal activities. We will review ODR's documented analysis and conclusions in our follow-up review.

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Fiscal Budget Deficit

At the time of our review, ODR projected a fiscal budget deficit by FY 2027-28, totaling $28.4 million, due to insufficient ongoing funding to support the ongoing costs of its future operations, including fully exhausting their DR Reserve Fund (Table 2). Specifically, based on ODR's budgets and future forecasts, in FY 2021-22 close to half of ODR's budget consisted of one-time funds (e.g., AB 109, SB 678, and JJCPA funds) and they do not have sufficient ongoing funding to support their future operations once these one-time funds are exhausted.

Table 2 Office of Diversion and Reentry Fiscal Budget Deficit FY 2021-22 through FY 2027-28							
(in thousands)	**(Actuals) FY 2021-22**	**FY 2022-23**	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**
Sources:							
Ongoing							
Diversion and Reentry Budget Unit	$ 86,499	$ 115,648	$ 115,648	$ 115,648	$ 115,648	$ 115,648	$ 115,648
One-time							
Diversion and Reentry Budget Unit	40,620	9,494	3,000	3,000	3,000	3,000	3,000
Health Services Administration Budget Unit	77,165	72,637	74,052	75,533	77,044	78,585	80,157
Diversion and Reentry Reserve Fund	-	11,103	20,322	23,101	25,936	28,828	3,342
Total Sources	$ 204,284	$ 208,882	$ 213,022	$ 217,282	$ 221,628	$ 226,061	$ 202,147
Expenditures:							
Total Ongoing	$ 138,030	$ 136,245	$ 138,970	$ 141,749	$ 144,584	$ 147,476	$ 150,426
One-time							
Health Services Administration	60,841	72,637	74,052	75,533	77,044	78,585	80,157
Total Expenditures	$ 198,871	$ 208,882	$ 213,022	$ 217,282	$ 221,628	$ 226,061	$ 230,582
Total Surplus/(Deficit)	$ 5,413	$ -	$ -	$ -	$ -	$ -	$ (28,436)
Diversion and Reentry Reserve Fund Balance	$ 112,632	$ 101,529	$ 81,207	$ 58,106	$ 32,170	$ 3,342	$ -

Notes:
(1) FYs 2022-23 through 2027-28 are forecasted amounts and continues to account for the inclusion of the Reentry (programs going to JCOD) and Youth Diversion (programs going to DYD) Divisions. The Diversion and Reentry Reserve Fund account is projected to be exhausted by ODR by FY 2027-28.

Board Policy 4.030 states that County departments should align ongoing expenditures with ongoing revenues on a level that can be reasonably sustained, will foster stability, predictability, and long-range planning, while avoiding volatility in service levels. ODR indicated that they are continually applying for grants and attempting to identify additional one-time and ongoing funding sources. In addition, in June 2021 and 2022, the Board passed motions requiring the CEO and ODR to assess the Program's projected deficit, identify additional ongoing funding, and expand ODR's programs to meet the County's needs (see *Revised - Report on Sustaining Jail-Based Diversion* issued August 2021). At the time of our review, sufficient funding sources still had not been identified to meet ODR's diversion and reentry efforts. **However**, subsequent to our review and in sharing our findings with relevant stakeholders, actions were taken to eliminate ODR's structural deficit, as indicated in the Subsequent Events section above.

ODR management should continue to work with the CEO and all other relevant stakeholders to assess the Program's fiscal needs and develop a formal funding plan to support ODR's future operations.

> ### Recommendation:
>
> 2. **Priority 1 - ODR management should continue to work with the Chief Executive Office (CEO) and all other relevant stakeholders to assess ODR's fiscal needs and develop a formal funding plan to support ODR's future operations.**
>
>   **Department Response:** Agree. ODR indicated that this has been completed, since on October 4, 2022, the Board approved the FY 2022-23 Supplemental Budget Resolution,

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which included new ongoing funding to ODR's budget, resolving the structural deficit. In addition, ODR will continue to partner with CEO and other relevant stakeholders to assess ODR's fiscal needs as they evolve, but current future planned operations are funded.

Implementation Date: October 4, 2022

Auditor Response: We noted in our Subsequent Events section that on October 4, 2022, the Board approved the FY 2022-23 Supplemental Budget, which resolved ODR's structural deficit. We will assess and report on the status of these subsequent events during our follow-up review.

Unrelated Funding Expenditures

As part of our audit, we reviewed ODR's budget, including their funding sources and correlating expenditures to ensure funds are being used as intended. We noted that ODR paid and continues to pay for expenditures that are not directly related to the Program. Specifically:

1. **Funding Non-ODR Program** - We noted that ODR funds the Downtown Los Angeles Sobering Center (Sobering Center), totaling approximately $4.2 million in FY 2021-22, which is a DHS Housing for Health (HFH) administered and managed program. DHS initially funded the Sobering Center early on in ODR's creation when it was intended to consolidate all diversion and reentry programs/activities. **However**, ODR currently does not manage or have any involvement with the Sobering Center but uses AB 109 and Net County Cost funding to pay for its operation. As a result, ODR's budget does not accurately reflect its operations, and ODR funds are being used for non-ODR-related activities.

   ODR management should evaluate whether to continue funding the Sobering Center and take on responsibility/oversight for that program, or work with relevant stakeholders to transfer fiscal responsibility and reporting of the center to HFH's budget, including determining whether current Sobering Center funding should also be transferred to HFH.

2. **Incomplete Cost Transfer** - ODR did not properly transfer Salary and Employee Benefit (S&EB) costs of a payroll item loaned to DHS' Correctional Health Services (CHS), totaling $195,000 in FY 2020-21. ODR indicated that they submitted a salary cost transfer request to DHS' General Accounting Division to transfer the S&EB costs. **However**, due to an administrative oversight the transfer was never completed. In addition, ODR management indicated that the source of funds used to pay for these S&EB costs cannot be determined, which means restricted funds (e.g., federal, State, or grant funding) might have been utilized.

   ODR management should establish a process/control to ensure that S&EB costs for any CHS loaned payroll items are transferred to the appropriate budget unit timely, reimburse ODR for costs that were not transferred and improperly charged to the program, and identify the funding source utilized and make any necessary adjustments.

3. **Payment of Services Methodology** - ODR is funding S&EB costs of two loaned payroll items to HFH, totaling approximately $333,900 in FY 2021-22. Specifically, ODR management indicated that they fund the S&EB costs for these two items and loan them to HFH's Flexible Housing Subsidy Pool (FHSP) Program to provide support and coordination of FHSP services directly for ODR. **However**, we noted that despite being

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fully funded by ODR, the items conduct other FHSP and HFH related duties, including working on other departments that also use FHSP.

ODR management should work with DHS Finance and HFH to reassess the payment arrangement for the two FHSP items and determine an alternative payment methodology that reflects actual ODR usage.

Recommendations:

3. **Priority 1 - ODR management evaluate whether to continue funding the Sobering Center and take on responsibility/oversight for that program, or work with relevant stakeholders to transfer fiscal responsibility and reporting of the center to Housing for Health's (HFH) budget, including determining whether current Sobering Center funding should also be transferred to HFH.**

   Department Response: Agree
   Implementation Date: March 1, 2023

4. **Priority 1 - ODR management:**

   a. **Establish a process/control to ensure that S&EB costs for any Correctional Health Services loaned payroll items are transferred to the appropriate budget unit timely.**
   b. **Reimburse ODR for costs that were not transferred and were improperly charged to the program.**
   c. **Identify the funding source utilized and make any necessary adjustments.**

   Department Response: Agree
   Implementation Date: March 1, 2023

5. **Priority 1 - ODR management work with DHS Finance and Housing for Health to reassess the payment arrangement for the two Flexible Housing Subsidy Pool items and determine an alternative payment methodology that reflects actual ODR usage.**

   Department Response: Agree
   Implementation Date: March 1, 2023

Programs

ODR's four separate sub-divisions include Reentry, Youth Diversion and Development (YDD), Jail Based/Clinical Diversion, and Harm Reduction and Community-Based Diversion, with each division fully managing their own programs and generally operating independent of each other. As previously mentioned, ODR's non-clinical adult and youth diversion and reentry services will move or have moved to JCOD and DYD, respectively, and ODR's clinical adult diversion and reentry services will remain under DHS. Table 3 outlines ODR's programs and which of those programs will move or have moved from DHS to JCOD and DYD.

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At the time of our review, ODR had four separate sub-divisions and managed 16 programs:

Table 3 Office of Diversion and Reentry Divisions and Programs			
Division	**Programs**	**Program Details**	**Department[1]**
Reentry Division	Reentry Intensive Case Management Services (R-ICMS)	Provides navigation and linkage to health, employment and other community-based supportive services.	**Justice, Care, and Opportunities Department (JCOD)**
	LA Free the Vote	Provides voter education and registration initiative for those who are impacted by the justice system.	
	Skills and Experience for the Careers of Tomorrow (SECTOR)	Provides skills training and paid work experience in high-growth sectors that offer career pathway opportunities and family-sustaining wages.	
	Developing Opportunities and Offering Reentry Solutions (DOORS)	In collaboration with the Department of Mental Health (DMH), Department of Public Health (DPH), Department of Public Social Services (DPSS), Workforce Development, Department of Aging and Community Services (WDACS), Department of Probation (Probation), and Department of Arts and Culture (Arts and Culture), the program is a one-stop center co-located at the Reentry Opportunity Center Probation office with various services (e.g., housing, legal aid, and intensive case management).	
	College and Career	Provides academic, career/technical opportunities, life skills, and supportive services for people on adult felony probation at community colleges.	
	Reentry Interim Housing	Provides interim housing with on site case managers to support clients in tandem with R-ICMS Community Health Workers, including services such as primary health linkage, social services enrollment, employment support, family reunification, and onsite group activities.	
	Breaking Barriers	The 24-month Rapid Rehousing program serves County adult felony probationers experiencing homelessness and can work full-time. The program combines assistance with housing services, case management, and employment services.	
Youth Diversion & Development (YDD)	Youth Diversion and Development	In collaboration with the Department of Children and Family Services, Probation, DMH, Arts and Culture, DPH, and WDACS, the program provides community-based pre-arrest youth diversion services, such as housing and transportation support, case management, and educational/vocational support.	**Department of Youth Development (DYD)**
Jail Based/Clinical Diversion	ODR Housing (ODRH)	In collaboration with the Public Defender, Alternative Public Defender, and DMH, the program provides housing to homeless individuals that have a serious mental health disorder and are incarcerated in County jail.	**ODR**
	Misdemeanor Incompetent to Stand Trial (MIST) Community-Based Restoration	Diverts individuals facing misdemeanor charges who are found incompetent to stand trial into community based settings to be restored to competency. The community-based settings are tailored to meet the clients' needs and clinical acuity (i.e., acute inpatient to open residential).	
	Felony Incompetent to Stand Trial (FIST) Community-Based Restoration and The Off-Ramp	Diverts individuals facing felony charges who are found incompetent to stand trial into community based settings to be restored to competency. The community-based settings are tailored to meet the clients needs and clinical acuity (i.e., acute inpatient to open residential).	
	Department of State Hospitals Diversion (DSHD)	Provides pre-trial diversion of clients with serious mental illnesses with the potential to be deemed incompetent to stand trial on felony charges.	
	Maternal Health	Diverts pregnant women from the jails to the community with supportive services and housing.	
	Olive View Medical Center Inpatient Psychiatric Unit-Diversion from Custody to Hospital Care	Provides an 18 bed inpatient psychiatric unit for patients coming from the jail's forensic inpatient unit watch list or from high observation housing in the jail.	
Harm Reduction and Community-Based Diversion	Law Enforcement Assisted Diversion (LEAD)	In collaboration with the County's District Attorney's Office, Sheriff's Department (Sheriff), DMH, and DPSS, the program provides a pre-arrest community-based diversion that diverts individuals with repeated low-level drug and sex work related offenses at the earliest contact with law enforcement and links them with harm reduction based case management and social services as an alternative to jail and prosecution.	
	Overdose Education and Naloxone Distribution (OEND)	In collboration with Sheriff and DPH, the program provides access to naloxone (a life saving medication) and overdose prevention and response trainings to individuals at risk of opioid overdose, or who are likely to be at the scene of an overdose, and are in a position to respond. It also provides overdose prevention and response trainings and harm reduction supplies and technical assistance to providers working with populations at higher risk of overdose.	

Notes:
(1) This column illustrates which County departments the indicated ODR divisions will move to once JCOD and DYD are fully established.

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.

Tracking Program Performance

We noted that ODR has clearly defined goals and objectives for each of its four sub-divisions, and that management has identified and tracked various measurable performance indicators (e.g., housing retention, recidivism/rearrest rates, and number of primary care visits) to help assess ODR's overall performance. In addition, at the time of our review, we noted that ODR was in the process of developing a combined data dashboard, including metrics and KPIs for all four sub-divisions and their programs. **However**, we noted the following:

1. **Lack of Program Performance Targets** - ODR has not established clearly defined performance targets, such as minimum/maximum acceptable rates or outcomes for the identified performance indicators, to help measure the Program's performance, including:

   a. Detailed definition of each program's performance target and/or success rate, such as target decrease in recidivism per year, target diversion and reentry rates, and percent of clients in permanent supportive housing within a specified timeframe.
   b. Detailed definition and description of the identified metrics (e.g., data sources, inclusions, exclusions, and limitations).
   c. Defined frequency in the evaluation, collection, recording, and reporting of KPIs.
   d. Clearly defined delegation of responsibility for evaluating, updating, approving, and monitoring KPIs.

   The lack of fully developed KPIs and clear metrics to determine the Program's expected outcomes and priorities prevents management from measuring ODR's performance or benchmarking against similar programs within the same industry and increases the risk that ODR is not meeting its intended purpose and objectives.

   ODR management should develop KPIs that measure the organization's success by comparing quantifiable performance targets to actual results, and ensure that developed KPIs are measurable, achievable, and relevant. In addition, they should establish a process to ensure KPIs are continuously monitored, evaluated, and updated.

2. **Data Collection Limitations** - ODR's Reentry Division management indicated that the Los Angeles Superior Court (Superior Court) initially declined a request for ODR recidivism data from the County's Chief Information Office (who collects and organizes the justice data between the two entities), despite their data sharing agreement, because the Court had concerns over sharing protected data. While ODR ultimately obtained the data by assuring Superior Court it had data protections in place, this delay resulted in ODR submitting late annual recidivism data to the Board of State and Community Corrections, which is required for Proposition 47 funded ODR programs (i.e., Reentry Intensive Case Management Services and Skills and Experience for the Careers of Tomorrow).

   ODR indicated that data access issues with partner agencies are sometimes the result of legal restrictions that govern how and with whom protected information can be shared, but that ODR has been working to find feasible solutions to procure critical data. To ensure KPIs are adequately updated and maintained, program data must be obtained in a timely manner.

   ODR management should continue to work with partner agencies to improve interagency communication, streamline the data reporting process, and update data sharing agreements, as necessary.

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.

3. **Database Limitations** - ODR's Comprehensive Health Accompaniment and Management Platform (CHAMP) system appropriately tracks relevant data, such as client enrollments, consent forms, client assessments, demographic characteristics, and participation in interim housing. **However**, CHAMP does not effectively meet ODR's data tracking and reporting needs for non-clinical related programs (i.e., Reentry).

   Specifically, CHAMP has various system limitations, since it was originally designed and customized for use by clinical programs (i.e., HFH). For example, DOORS program staff noted that the CHAMP system lacks functionality because it was not sufficiently customized. Specifically, the system:

   - Does not track the source of client referrals.
   - Does not include a complete list of client participation in other programs.
   - Limits the enrollment of clients to one service at any given time.
   - Restricts the sorting of client data by anything other than date.

   When ODR attempted to address these functionality gaps, they reported experiencing delays in completing change requests due to resource limitations within DHS IT. This resulted in the need for ODR and some of its service providers to use additional external tracking/sorting software (e.g., Salesforce and Microsoft (MS) Excel) to generate required data, which has led to delays in obtaining and reporting program data and has created additional work (i.e., duplicate data entry in CHAMPS and alternate software) for both ODR and its service providers. Although these issues were in the process of being remedied, ODR indicated that limited IT resources, funding, and administrative support, and the focus on higher priority projects have limited their ability to further customize CHAMP.

   ODR management should consider working with relevant stakeholders to assess the feasibility of augmenting the CHAMP system to ensure it meets ODR's reporting needs or determine if an alternative reporting process/system is needed.

ODR attributes many of the above-mentioned issues to a lack of resources (i.e., insufficient ongoing funding and staffing). Specifically, ODR indicated that prior to September 2021, they did not have funding for dedicated staff to analyze and report data, with the exception of a limited number of staff in YDD.

Recommendations:

6. **Priority 1** **- ODR management:**

   a. **Develop KPIs that measure the organization's success by comparing quantifiable performance targets to actual results, and ensure that developed KPIs are measurable, achievable, and relevant.**
   b. **Establish a process to ensure KPIs are continuously monitored, evaluated, and updated.**

   Department Response: Agree
   Implementation Date: March 1, 2023

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.

7. Priority 2 - **ODR management continue to work with partner agencies to improve interagency communication, streamline the data reporting process, and update data sharing agreements, as necessary.**
   Department Response: Agree
   Implementation Date: April 1, 2023

8. Priority 2 - **ODR management consider working with relevant stakeholders to assess the feasibility of augmenting the CHAMP system to ensure it meets ODR's reporting needs or determine if an alternative reporting process/system is needed.**

   Department Response: Disagree. ODR indicated that this recommendation is not applicable. Specifically, they indicated that they have continuously developed and will continue to develop the CHAMP platform to meet ODR's reporting and monitoring needs, along with the reporting needs of other parts of DHS. ODR does not need an alternative reporting system.

   Concerns around perceived functional limitations of CHAMP were raised by the Reentry Team with the Audit Team, but DHS does not agree that the challenges raised were with the design or functionality of CHAMP. The reported functional limitations were not experienced by any other ODR or HFH Team using CHAMP. The Reentry Team, which moved to JCOD on November 15, 2022, can work with its new leadership to evaluate whether CHAMP meets JCOD's evolving reporting needs and determine if an alternative reporting process/system is needed. DHS IT developed a Memorandum of Understanding with JCOD that allows CHAMP to continue to support the Reentry Teams' work until the time that JCOD is able to evaluate CHAMP for their needs and potentially procure an alternate system, if it deems that such a procurement is necessary.
   Implementation Date: Not applicable.

   Auditor Response: As noted in our report, based on our discussions with ODR staff and management, the CHAMP system limitation issues experienced by the Reentry staff and their service providers were because of how the system was originally designed. We do not indicate that the system itself did not have the capabilities if it was further customized or built out to accommodate non-clinical operations. We will review ODR's documented assessment and conclusions in our follow-up review.

Limited Resources

It appears ODR may not have sufficient administrative support to appropriately sustain current operations and support future growth. At the time ODR was created, the Board established a 10% cap of total expenditures for overhead, staffing, consultants, evaluation, and training. However, we noted that in FY 2021-22, ODR's S&EB costs were 5% of their total expenditures. In addition, from FY 2019-20 to FY 2021-22, ODR's actual funding increased by approximately 49% (from $137.4 to $204.3 million) and their actual expenditures increased by approximately 45% (from $137.4 to $198.9 million), which include program expenditures for contracted staff, but their total number of budgeted County positions only increased by 10% (from 79 to 87 positions).

In addition, ODR attributes many of the program issues discussed in this report to a lack of resources and lack of ongoing funding that will ultimately cause a deficit in FY 2027-28, as discussed previously. They also indicated the lack of adequate administrative support has negatively impacted staff well-being, imposed unreasonable workloads, and resulted in an inability to enhance and expand some areas of work. For example, YDD indicated that due to the

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.

lack of administrative support they have had limited ability to pursue grants and have experienced provider solicitation and hiring process delays.

ODR also reported issues obtaining additional funding for their Law Enforcement Assisted Diversion program, since they do not have sufficient administrative support to grow the program. Specifically, many of the grant funding opportunities they have explored did not include funding for the additional administrative support needed to implement the programs. In addition, since ODR is under DHS, the Program receives support from various DHS units (e.g., Finance, IT, and Contracts & Grants), which would be unavailable to those programs when they transition to JCOD and DYD.

ODR management should assess the Program's administrative support needs and continue to work with the appropriate stakeholders to develop a plan that would properly support ODR's current operations and future growth.

Recommendation:

9. **Priority 1 - ODR management assess the Program's administrative support needs and continue to work with the appropriate stakeholders to develop a plan that would properly support ODR's current operations and future growth.**

    Department Response: Agree
    Implementation Date: March 1, 2023

Interim Housing Vacancy Rates

The ODR Housing (ODRH) Program is managed by the Jail Based/Clinical Diversion Division and provides both interim and permanent supportive housing for individuals who are homeless, have a serious mental health disorder, and are incarcerated in County jails. Under the ODRH model, clients are first placed in interim housing and then transitioned into permanent supportive housing once an open slot is secured. At the time of our review, we noted ODR was paying for empty interim housing beds due to a combination of the following factors:

- The ODRH Program is budgeted for a maximum of 2,200 client slots, and ODR cannot take on additional clients due to the program's lack of continued on-going funding.

- The 2,200 client slots are shared between interim housing (i.e., housing beds at various housing sites) and permanent supportive housing (e.g., long-term leasing or rental assistance). As ODRH transitions clients from an interim housing bed into more stable permanent supportive housing (ultimate goal of the program), a physical open bed is left behind in interim housing, but the client continues to occupy one of the 2,200 slots. Therefore, available physical interim housing beds cannot be filled when the 2,200 client slot cap is reached.

- ODR determines the quantity of contracted interim housing beds based on need and available funding and is required to have interim housing beds available for clients as soon as they are court ordered to the ODRH Program. In addition, ODRH is contractually obligated to pay providers for total costs (not on a fee-for-service or utilization basis) even when beds remain empty. ODR indicated that this arrangement is necessary to ensure beds are continuously available and some cushion exists, since clients are court-ordered

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.

to be diverted to ODR and due to the specialized nature and care requirements needed for their client population.

For example, in June 2022, we noted that of the 2,200 budgeted client slots, ODRH had 878 contracted interim housing beds, 104 (12%) of which ODRH could not utilize but had to continue to pay for, at an average rate of $108 per bed a day, or approximately $11,200 total per day. Based on the current budgetary restriction of 2,200 client slots, if all 2,200 clients occupied a permanent supportive housing slot, all interim housing beds would remain unfilled, but ODR would still be contractually obligated to pay for the 878 contracted interim housing beds.

Based on our review, we determined that ODR adequately tracks housing bed vacancies. Although ODR is unable to close interim housing sites or exceed their 2,200 client slot cap, they indicated that they continue to work to decrease the number of empty beds by transitioning them and their costs from ODRH to other programs with available funding within ODR (i.e., Felony Incompetent to Stand Trial, Misdemeanor Incompetent to Stand Trial, and Department of State Hospitals Diversion). ODR also indicated that despite these issues and our calculated June 2022 12% vacancy rate identified above, their housing bed vacancy rate is normally below the 5% rate set by the Los Angeles Homeless Services Authority (LAHSA) in their contracts, and generally depends on the time needed to identify additional funding in other programs and transition those unfillable beds.

In addition, ODR and its County and community partners have continued to express the need for additional beds beyond the 2,200 client slots. Specifically, we met with the Public Defender (PD) and Alternate Public Defender's (APD) offices, which are agencies that work with the courts and ODR to seek diversion and post-conviction probation mental health and substance use disorder treatments for their clients, and they expressed frustration at not having additional non-carceral options, since ODRH is unable to accept additional clients into the program. PD and APD indicated that clients spent additional time in jail while attorneys sought other alternatives for treatment and diversion services. At the time of our review, PD specifically indicated that there were 136 clients waiting for slots to open so they could receive diversion services through ODR.

ODR management should work with relevant stakeholders to develop a plan that would mitigate or reduce the need to pay for unused ODRH interim housing beds, and/or ensure those beds are rapidly filled so they do not go unused. For example, ODR could consider budgeting separate caps for interim and permanent housing, augment ODRH housing provider contracts to pay based on usage or prorated costs or allow for the usage and payment of those beds by other County departments or programs. It is ODR management's responsibility, as the subject matter experts, to determine the most appropriate and beneficial solution for their client population. ODR should also assess and formulate their own ODRH-specific KPIs (e.g., determine and continuously monitor an acceptable vacancy rate) to better track and identify issues that may affect interim and permanent housing bed vacancies. In addition, ODR management should work with relevant stakeholders to determine if ODRH's budget should be adjusted to accommodate the program's unmet needs.

Recommendation:

10. **Priority 1 - ODR management work with relevant stakeholders to:**

   a. **Develop a plan that would mitigate or reduce the need to pay for unused ODR Housing Program interim housing beds, including establishing relevant KPIs.**

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.

      b. **Determine if the ODR Housing Program's budget should be adjusted to accommodate the Program's unmet needs.**

Department Response: Partially Agree. ODR indicated they disagree with 10a, since they already actively work to minimize the need to pay for unused ODR interim beds. A low vacancy rate is also expected in an efficiently operated housing system due to throughput and appropriate movement between levels of care. ODR indicated that their vacancy rate is lower than industry benchmarks due to ODR's success in using different funding streams and programs to seamlessly fill beds as they become available. ODR monitors vacancies, but will work to more closely monitor and report vacancies in interim housing. Additionally, ODRH's budget was expanded to serve more clients in the County Supplemental budget. ODR anticipates that the limited number of available beds will be filled in the near term with pending program expansion, as budgeted.

ODR indicated they agree with 10b and that the Supplemental budget largely addressed ODR's unmet needs. ODR will evaluate ODR's expanded budget to see whether it needs to be adjusted to accommodate unmet needs.
Implementation Date: March 1, 2023 for 10b

Audit Response: As the subject matter experts, it is ODR's responsibility to assess whether their current efforts are sufficient in mitigating or reducing the need to pay for unused ODRH interim housing beds. However, during our review, we noted a higher vacancy rate (12%) than their established 5%. ODR indicated they established this rate based on LAHSA's housing contracts, but ODR did not conduct formal/documented assessments to ensure the 5% rate was appropriate for their own program and population (establishing ODRH-specific KPIs). In addition, ODR indicated that they did not benchmark with other similar agencies and could not provide information on industry standards. We will review ODR's documented analyses and conclusions in our follow-up review.

Organizational Chart

We noted that ODR maintains organizational charts for each of their sub-divisions and staff appear to have a general understanding of their positions and roles. ODR indicated that they review their functional organizational chart, which reflects their reporting structure, on a quarterly basis. However, we reviewed ODR's organizational chart in February 2022 and it appears that their current process/control of reviewing quarterly is insufficient, since the organizational chart did not reflect recent staff changes. This increases the risk that staff could receive conflicting directions from management, key administrative responsibilities are neglected, and incompatible duties exist.

ODR management should reassess the frequency in updating their functional organizational chart to ensure the chart is consistent with current operations.

   Recommendation:

  11. **Priority 3 - ODR management reassess the frequency in updating their functional organizational chart to ensure the chart is consistent with current operations.**

    Department Response: Agree
    Implementation Date: June 1, 2023

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.

Contracting

DHS Contracts & Grants and Contract Monitoring Divisions are responsible for contract solicitation administration (i.e., coordinating and conducting solicitations) and high-level monitoring (e.g., reviewing judgmental samples of contracts and verifying ODR's monitoring) of ODR's contracts, respectively. **However**, each of ODR's four sub-divisions conduct their own requests for contractors, acceptance of contracts, determination of contractor deliverables, and continuous monitoring of each contractor and sub-contractor separately.

We interviewed management and staff at each division and sub-division to assess the entire ODR contracting process. In addition, we reviewed a sample of 12 contractors for various service types (e.g., housing, employment, and intensive case management) to ensure ODR's contracting processes are in accordance with County and departmental contract requirements and policies.

Contract Benchmarking

As requested by the Audit Committee, we also obtained a sample of 17 similar contracts from other County departments based on contract amounts and types of services provided, compared them to ODR's contracts, and evaluated factors such as scopes of service, terms, and rates to assess the Program's contracting practices and identify any issues or inefficiencies. We noted that ODR's housing contract rates were generally higher than those of other County departments (i.e., the CEO, Probation, DMH, Department of Public Health, Department of Children and Family Services, and the former Department of Workforce Development, Aging and Community Services). **However**, based on our review and assessment of the sampled contracts, it appears the reason for this variance is primarily due to the higher acuity level and specialized/increased needs of ODR's client population. Specifically, ODR's contracts included a higher level of care, such as intensive case management and expanded client support services. DMH's Housing and Job Development Division also indicated that DMH's services and rates are not comparable to ODR because ODR serves a different population with a different level of acuity.

Contract Monitoring

As previously mentioned, DHS Contract Monitoring supports ODR by providing direct contract monitoring support services to ensure that the full benefits and value of their contracted services are received, consistent and uniform reviews are performed, reports of findings are sent to contractors, and that contractors resolve any findings and take corrective actions. We noted that DHS Contract Monitoring conducts annual risk assessments of many of their contracts that include a selection of higher risk contracts, such as those with higher contract amounts, contractors with existing compliance issues, and/or those that have not been recently reviewed. In addition, each ODR sub-division manages and works with their service providers to ensure contract requirements are met. **However**, we noted the following:

1. **No Fiscal Monitoring of ODR Contracts -** DHS Contract Monitoring indicated that, although they perform fiscal reviews (e.g., invoice sampling, transaction sampling, and cost allocation methodology reviews) of other DHS programs (e.g., HFH, My Health L.A., and CHS), they do not perform fiscal reviews of ODR contracts due to lack of staff. The absence of fiscal monitoring increases the risk that issues will not be addressed in a timely manner or will go undetected and become more severe.

   ODR management should ensure their contracts comply with County rules and contractor performance is appropriately evaluated, including by conducting fiscal reviews.

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.

2. **Quality of Service Monitoring Plan (QSMP) -** County Fiscal Manual (CFM) 12.5.1 requires QSMPs to be completed prior to contract solicitation. In addition, contracts must specify quantifiable goals and objectives and the methods for assessing the contractor's compliance with contract requirements. **However**, we noted that none of the ODR service Work Orders (WO) (e.g., housing, intensive case management, and education and employment services) we sampled had QSMPs or specific performance indicators and standards written into the contract. As a result, providers may not be clear on program performance and standards, which they are not contractually obligated to meet since they are not included in the WO, and as a result may fail to meet program goals. ODR indicated that it tracks performance and data through other means outside of the contract.

   ODR management should develop QSMPs for each service contract solicitation to ensure the resulting contracts and related services are appropriately evaluated, and all service contracts include clearly defined performance indicators and standards.

3. **Quality Control Plan (QCP) -** DHS' WOs require contractors to complete and submit a QCP questionnaire, which is a monitoring tool utilized by DHS Contract Monitoring to determine contractor compliance with WO and Master Agreement (MA) requirements and details the contractors internal monitoring processes and controls. **However**, we noted that of the 11 WOs sampled, one had no QCP and six of the QCPs we reviewed did not specify what activities should be monitored to ensure compliance with all WO and MA requirements, and/or the monitoring methods to be used. In addition, although some of the QCPs sampled did include questions regarding various monitoring activities, the contractors' responses did not address the questions.

   ODR management must ensure QCPs are appropriately completed to satisfy all WO and MA requirements.

 Recommendations:

12. **Priority 2 - ODR management establish required contract monitoring processes and ensure:**

    a. **Contracts comply with County rules and contractor performance is appropriately evaluated, including by conducting fiscal reviews.**
    b. **Quality of Service Monitoring Plans are developed for each service contract solicitation.**
    c. **All service contracts include clearly defined performance indicators and standards.**

    Department Response: Agree
    Implementation Date: April 1, 2023

13. **Priority 2 - ODR management ensure Quality Control Plans are appropriately completed to satisfy all Work Order and Master Agreement requirements.**

    Department Response: Agree
    Implementation Date: April 1, 2023

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.

Contract Database

We noted that DHS Contracts & Grants' and Contract Monitoring's MS SharePoint database, used to track and store DHS' contracts and supporting information/documentation, does not meet the DHS divisions' data tracking and reporting needs. Specifically, DHS Contracts & Grants indicated they are using MS SharePoint as an interim solution until a new system is selected by DHS and implemented departmentwide. **However**, DHS Contracts & Grants indicated that MS SharePoint does not satisfy their tracking and reporting needs because their contract records are complex and require referencing to various records (e.g., one service can have multiple agreements and one agreement can have multiple files, amendments, contacts, and board authorities) and MS SharePoint is not a relational database that can accommodate these types of associations.

In addition, we noted that it requires a substantial amount of time for DHS Contracting Monitoring to develop a list of current ODR contracts due to issues with MS SharePoint. For example, while MS SharePoint can store MAs, WOs, and Amendments independently of each other, it is not a tracking system with reporting capabilities, such as queries based on program name, contractor name, contract number, active or expired status, and other identifiers that would allow for timely reporting of contract information. ODR indicated that DHS Contracts & Grants continues to work with DHS' IT to complete customizations to make MS SharePoint a more useful resource to store and receive contract information and documentation until a new system is selected and implemented.

ODR management should work with DHS and relevant stakeholders to expedite assessing the feasibility of acquiring and implementing a new system to meet ODR's contract tracking and reporting needs.

 <u>**Recommendation:**</u>

14. <mark>Priority 2</mark> **- ODR management work with the Department of Health Services and relevant stakeholders to expedite assessing the feasibility of acquiring and implementing a new system to meet ODR's contract tracking and reporting needs.**

 Department Response: Agree
 Implementation Date: April 1, 2023

<u>**Policies, Procedures, and Monitoring**</u>

Policies and Procedures

Although the CFM does not explicitly require County departments to have written policies and procedures for every process, it is a best practice for departments to maintain sufficient policies and procedures that provide detailed guidance to staff and supervisors in the performance of their day-to-day duties and to describe how processes should be performed. Departments should also require staff and supervisors to maintain documentation of their processes and require an audit trail of key events, where practical. While ODR does have some written standards and procedures (e.g., Procedure to Setting Up Encumbrances, Office of Diversion and Re-Entry Desk Procedures, and Supportive Housing Master Agreement Workflow), they do not have complete written standards and procedures for the following:

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.

- Program performance, such as determining and evaluating appropriate performance metrics, and gathering, tracking, and reporting of performance data, as mentioned in Recommendations No. 6 and No. 12.
- Grant/funding operations, such as grant/funding search, evaluation, and application.
- Budgetary process, planning, and forecasting.
- Developing and implementing QSMPs for each contract, as mentioned in Recommendation No. 12.
- Detailed Quality Assurance Plan (QAP).
- Reviewing contractors' QCP submissions, as mentioned in Recommendation No. 13.
- Management monitoring of controls, as mentioned in Recommendation No. 17.

The lack of policies and procedures increases the risk that staff will perform tasks incorrectly or inconsistently and will require increased effort to train new staff on how to perform these processes. ODR indicated they have not developed comprehensive written standards and procedures for certain operations due to limited staff. ODR indicated they have continuously handled urgent programmatic work since their creation in 2015 and have experienced increasing programmatic scope and responsibilities but have not had sufficient administrative positions allocated to them to address the increased workload.

ODR management should develop complete written standards and procedures that adequately guide supervisors and staff in the performance of their duties for their various fiscal, program, and contracting processes.

Management Monitoring

While ODR indicated that they ensure appropriate management monitoring over most of their budget, fiscal, and contracting operations (e.g., appropriate budget reporting, expense reviews and approvals, and contract monitoring), we noted that ODR has not established ongoing self-monitoring processes to regularly evaluate and document that processes and controls are working as intended, as required by CFM Section 1.0.2. Specifically, ODR has not:

1. Developed self-monitoring processes over:
   - Budget and fiscal operations (e.g., timely transfer of non-ODR costs, as mentioned in Recommendation No. 3).
   - KPIs, as mentioned in Recommendations No. 6 and No. 12.
   - Contract monitoring activities.
   - QSMPs.
   - QAPs.
   - Contractors' QCP submissions.

2. Improved existing self-monitoring processes over:
   - Grants/funding (e.g., new grant/funding search, evaluation, and application).

ODR management should implement ongoing self-monitoring program processes. Effective self-monitoring processes could include tests or observations examining an adequate number of transactions on a regular basis to ensure adherence to County rules, and documenting and retaining evidence of this review in such a manner that a third party can validate it. The monitoring process should also ensure material exceptions are elevated timely so management is informed of control risks and can take appropriate corrective actions.

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.

Recommendations:

15. <mark>Priority 2</mark> **- ODR management develop complete written standards and procedures that adequately guide supervisors and staff in the performance of their duties for ODR's various fiscal, program, and contracting processes.**

   Department Response: Agree
   Implementation Date: April 1, 2023

16. <mark>Priority 2</mark> **- ODR management implement ongoing self-monitoring program processes that include:**

   a. **Examining process/control activities, such as reviewing an adequate number of transactions on a regular basis to ensure adherence to established procedures and internal controls, County rules, and best practices.**
   b. **Documenting the monitoring activity and retaining evidence so it can be validated.**
   c. **Elevating material exceptions timely so management is aware of control risks and can take appropriate corrective actions.**

   Department Response: Agree
   Implementation Date: April 1, 2023

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.

Health Services
LOS ANGELES COUNTY

December 14, 2022

Los Angeles County
Board of Supervisors

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Third District

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"To advance the health of our
patients and our communities by
providing extraordinary care"

TO: Arlene Barrera
         Auditor-Controller

FROM: Christina R. Ghaly, M.D.
         Director

SUBJECT: **RESPONSE TO THE AUDITOR-CONTROLLER'S
         (A-C'S) DEPARTMENT OF HEALTH SERVICES'
         (DHS') OFFICE OF DIVERSION AND REENTRY
         (ODR) – FISCAL, PROGRAM, AND CONTRACTING
         REVIEW**

Attached is DHS' response to the recommendations made in the A-C's report of its review of DHS – Office of Diversion and Reentry Program.

While we generally concur with and have taken or initiated corrective actions to address the recommendations contained in the report, we disagree with Issue 8 – Database limitations and the first recommendation in Issue 10 – Interim Housing Vacancy Rates. Please refer to the attached response for more detail.

If you have any questions or require additional information, please contact Clemens Hong, DHS' Director of Community Programs, at chong@dhs.lacounty.gov or (213) 288-8488.

CRG:nm

Attachment

c: Elizabeth M. Jacobi
      Clemens Hong, M.D.
      Michelle Newell

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.

DEPARTMENT OF HEALTH SERVICES' OFFICE OF DIVERSION AND REENTRY FISCAL, PROGRAM, AND CONTRACTING REVIEW DEPARTMENT ACTION PLAN/RESPONSE

ISSUE 1: BUDGET STRUCTURE	
A/C Recommendation	ODR management work with the Chief Executive Office to analyze the current diversion and reentry funding budget structure to assess the feasibility of consolidating ODR's funding/expense activities under one budget unit to increase transparency and eliminate inefficiencies and consider the fiscal implications of the creation of the Justice, Care and Opportunities Department and Department of Youth Development in assessing these restructuring efforts.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan[1]	Completed
Planned Implementation Date	11/15/2022
Additional Information (optional)[2]	The current structure already provides transparency, ensures appropriate tracking of funds, and provides the CEO office with necessary visibility and oversight of program expenditures and funding sources. Consolidation of the ODR's funding/expense activities in one budget unit will not create greater transparency or efficiency. The creation of JCOD and DYD are complete, and we do not anticipate impact on ODR budget structure going forward.

ISSUE 2: FISCAL BUDGET DEFICIT	
A/C Recommendation	ODR management should continue to work with the Chief Executive Office and all other relevant stakeholders to assess ODR's fiscal needs and develop a formal funding plan to support ODR's future operations.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan[1]	Completed. On October 4, 2022, the Board approved the FY22-23 Supplemental Budget Resolution which included new ongoing funding to ODR's budget, resolving the structural deficit.
Planned Implementation Date	October 4, 2022
Additional Information (optional)[2]	ODR will continue to partner with CEO and other relevant stakeholders to assess ODR's fiscal needs as they evolve. ODR's planned future operations are currently funded.

ISSUE 3: FUNDING NON-ODR PROGRAM	
A/C Recommendation	ODR management evaluate whether to continue funding the Sobering Center and take on responsibility/oversight for that program, or work with relevant stakeholders to transfer fiscal responsibility and reporting for the center to Housing for Health's budget, including determining whether current Sobering Center funding should also be transferred to Housing for Health.
Priority	PRIORITY 1
Agree/Disagree	Agree

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Department Action Plan[1]	ODR management will evaluate whether to continue funding for the Sobering Center and if so, which unit should take on responsibility and oversight of the center and budget.
Planned Implementation Date	March 1, 2023
Additional Information (optional)[2]	

ISSUE 4: INCOMPLETE COST TRANSFER	
A/C Recommendation	ODR management: a. Establish a process/control to ensure that Salaries and Employee Benefit costs for any Correctional Health Services loaned payroll items are transferred to the appropriate budget unit timely. b. Reimburse ODR for costs that were not transferred and were improperly charged to the program. c. Identify the funding source utilized and make any necessary adjustments.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan[1]	ODR management will: a. Establish procedures to transfer costs timely and prepare reconciliations. b. Prepare JV to transfer prior year salary costs to ICHS. c. Reconcile FY 20/21 to determine funding source utilized.
Planned Implementation Date	March 1, 2023
Additional Information (optional)[2]	

ISSUE 5: PAYMENT OF SERVICES METHODOLOGY	
A/C Recommendation	ODR management work with DHS Finance and Housing for Health to reassess the payment arrangement for the two Flexible Housing Subsidy Pool items and determine an alternative payment methodology that reflects actual ODR usage.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan[1]	ODR will work with HFH to reassess the payment arrangement for the two items and determine payment methodology that reflects actual ODR usage.
Planned Implementation Date	March 1, 2023
Additional Information (optional)[2]	

ISSUE 6: LACK OF PROGRAM PERFORMANCE TARGETS

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A/C Recommendation	ODR management: a. Develop Key Performance Indicators (KPI) that measure the organization's success by comparing quantifiable performance targets to actual results, and ensure that developed KPIs are measurable, achievable, and relevant. b. Establish a process to ensure KPIs are continuously monitored, evaluated, and updated.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan[1]	ODR has a number of KPIs in place to monitor ODR operations. ODR management will expand and establish a more comprehensive set of KPIs with plans to monitor them at least quarterly.
Planned Implementation Date	**March 1, 2023**
Additional Information (optional)[2]	

ISSUE 7: DATA COLLECTION LIMITATIONS	
A/C Recommendation	ODR management continue to work with partner agencies to improve interagency communication, streamline the data reporting process, and update data sharing agreements, as necessary.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan[1]	ODR has worked extensively with other departments and partners agencies to gain access to data to support reporting and evaluation. At the time of the audit, ODR was also working with County CIO to share ODR data and obtain access to data available in CIO Infohub. ODR will continue to work on data sharing with CIO, implement the universal data sharing consent developed in partnership with County Counsel, and schedule meetings with key partners agencies to revisit opportunities to expand data access.
Planned Implementation Date	**April 1, 2023**
Additional Information (optional)[2]	

ISSUE 8: DATABASE LIMITATIONS	
A/C Recommendation	ODR management consider working with relevant stakeholders to assess the feasibility of augmenting the Comprehensive Health Accompaniment and Management Platform system to ensure it meets ODR's reporting needs or determine if an alternative reporting process/system is needed.
Priority	PRIORITY 2
Agree/Disagree	Disagree
Department Action Plan[1]	Not applicable

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ISSUE 8: DATABASE LIMITATIONS	
Planned Implementation Date	Not applicable
Additional Information (optional)²	ODR has continuously developed and will continue to develop the Comprehensive Health Accompaniment and Management Platform (CHAMP) platform to meet ODR's reporting and monitoring needs, along with the reporting needs of other parts of DHS. ODR does not need an alternative reporting system. Concerns around perceived functional limitations of CHAMP were raised by the Reentry Team with the Audit team, but DHS does not agree that the challenges raised were with the design or functionality of CHAMP. The reported functional limitations were not experienced by any other ODR or Housing for Health Team using CHAMP. The Reentry team, which moved to JCOD on 11/15/2022, can work with its new leadership to evaluate whether CHAMP meets JCOD's evolving reporting needs and determine if an alternative reporting process/system is needed. DHS IT developed an MOU with JCOD that allows CHAMP to continue to support the Reentry teams' work until the time that JCOD is able to evaluate CHAMP for their needs and potentially procure an alternate system, if it deems that such a procurement is necessary.

ISSUE 9: LIMITED RESOURCES	
A/C Recommendation	ODR management assess the Program's administrative support needs and continue to work with the appropriate stakeholders to develop a plan that would properly support ODR's current operations and future growth.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	ODR management will assess the Program's administrative support and will develop a plan to properly support ODR's current operations and growth.
Planned Implementation Date	**March 1, 2023**
Additional Information (optional)²	ODR has requested additional staffing/administrative items during budget cycle Status Quo FY 23-24 utilizing available ODR program funding. ODR is hopeful that these requests will now be supported in the context of new ongoing funding.

ISSUE 10: INTERIM HOUSING VACANCY RATES	
A/C Recommendation	ODR management work with relevant stakeholders to: a. Develop a plan that would mitigate or reduce the need to pay for unused ODR Housing Program interim housing beds, including establishing relevant Key Performance Indicators. b. Determine if the ODR Housing Program's budget should be adjusted to accommodate the program's unmet needs.
Priority	PRIORITY 1
Agree/Disagree	Partially agree
Department Action Plan¹	Disagree with 10a, but agree with 10b. 10a. Disagree - ODR already actively works to minimize the need to pay for unused ODR interim beds. A low vacancy rate is also expected in an efficiently operated housing system due to throughput and appropriate movement between levels of care. ODR's

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	vacancy rate is lower than industry benchmarks due to ODRs success in using different funding streams and programs to seamlessly fill beds as they become available. ODR monitors vacancies but will work to more closely monitor and report vacancies in interim housing. Additionally, ODR Housing's budget was expanded to serve more clients in the County Supplemental budget. ODR anticipates that the limited number of available beds will be filled in the near term with pending program expansion, as budgeted. 10b. Agree – The Supplemental budget largely addressed ODR's unmet needs; however, ODR will evaluate ODR's expanded budget to see whether it needs to be adjusted to accommodate unmet needs.
Planned Implementation Date	**March 1, 2023 for 10b**
Additional Information (optional)[2]	

ISSUE 11: ORGANIZATIONAL CHART	
A/C Recommendation	ODR management reassess the frequency in updating their functional organizational chart to ensure the chart is consistent with current operations.
Priority	PRIORITY 3
Agree/Disagree	Agree
Department Action Plan[1]	ODR management will more regularly update the functional organizational chart to ensure the chart is consistent with current operations.
Planned Implementation Date	June 1, 2023
Additional Information (optional)[2]	

ISSUE 12: NO FISCAL MONITORING OF ODR CONTRACTS AND QUALITY OF SERVICE MONITORING PLAN	
A/C Recommendation	ODR management establish complete and effective contract monitoring processes and ensure: a. Contracts comply with County rules and contractor performance is appropriately evaluated, including by conducting fiscal reviews. b. Quality of Service Monitoring Plans are developed for each service contract solicitation. c. All service contracts include clearly defined performance indicators and standards.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan[1]	ODR, DHS C&G/CCMD will establish and implement a more comprehensive contract monitoring and support plan to better address these issues.
Planned Implementation Date	April 1, 2023

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ISSUE 12: NO FISCAL MONITORING OF ODR CONTRACTS AND QUALITY OF SERVICE MONITORING PLAN	
Additional Information (optional)[2]	DHS C&G requested CCMD items for ODR in the FY 2022-2023 budget, but items were not approved due to the planned JCOD/DYD transition of some ODR programs. We will revisit CCMD staffing needs in the FY 2022-2023 budget.

ISSUE 13: QUALITY CONTROL PLAN	
A/C Recommendation	ODR management ensure Quality Control Plans are appropriately completed to satisfy all Work Order and Master Agreement requirements.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan[1]	ODR, DHS C&G/CCMD will establish and implement a more comprehensive contract monitoring and support plan to better address this issue.
Planned Implementation Date	April 1, 2023
Additional Information (optional)[2]	

ISSUE 14: CONTRACT DATABASE	
A/C Recommendation	ODR management work with the Department of Health Services and relevant stakeholders to expedite assessing the feasibility of acquiring and implementing a new system to meet ODR's contract tracking and reporting needs.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan[1]	DHS will research and pursue opportunities to obtain such a solution in ODR.
Planned Implementation Date	April 1, 2023
Additional Information (optional)[2]	DHS C&G utilizes an Access database to store ODR related contract information and is working with IT to complete customization efforts to make an internal SharePoint contracts database a useful resource to store and retrieve contract information and documents until a Countywide procurement system is selected and implemented.

ISSUE 15: POLICIES AND PROCEDURES	
A/C Recommendation	ODR management develop complete written standards and procedures that adequately guide supervisors and staff in the performance of their duties for ODR's various fiscal, program, and contracting processes.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan[1]	ODR will expand its existing set of written policies and procedures manuals addressing ODR's various fiscal, program and contracting processes.
Planned Implementation Date	April 1, 2023

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ISSUE 15: POLICIES AND PROCEDURES	
Additional Information (optional)[2]	

ISSUE 16: MANAGEMENT MONITORING	
A/C Recommendation	ODR management implement ongoing self-monitoring program processes that include: a. Examining process/control activities, such as reviewing an adequate number of transactions on a regular basis to ensure adherence to established procedures and internal controls, County rules, and best practices. b. Documenting the monitoring activity and retaining evidence so it can be validated. c. Elevating material exceptions timely so management is aware of control risks and can take appropriate corrective actions.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan[1]	ODR, DHS C&G/CCMD will establish and implement a more comprehensive contract monitoring and support plan to address the elements of contract monitoring that relate to this recommendation. ODR also will work with DHS Audit Compliance to ensure appropriate self-monitoring.
Planned Implementation Date	**April 1, 2023**
Additional Information (optional)[2]	

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