



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

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December 29, 2022

TO: Supervisor Janice Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Kathryn Barger

FROM: Arlene Barrera
Auditor-Controller

SUBJECT: **AUDIT OF THE HOMELESS AND HOUSING MEASURE H SPECIAL
REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2022**

Attached is the independently audited report for the County of Los Angeles Homeless and Housing Measure H Special Revenue Fund (Measure H) Schedule of Revenues and Expenditures and Changes in Fund Balance (Schedule) for the year ended June 30, 2022. We contracted with an independent Certified Public Accounting firm, BCA Watson Rice LLP (BCA or auditor), to perform the audit under the Auditor-Controller's master agreement for audit services. BCA's report (Attachment I) concludes that the Schedule is presented fairly in conformance with generally accepted accounting principles. In addition, the auditor did not identify any audit findings this year.

We also engaged BCA to complete an Agreed-Upon Procedures review to ensure Measure H funding was being used as intended by the voter-approved Measure. The auditor's report (Attachment II) did not identify any exceptions this year.

If you have any questions please call me, or your staff may contact Terri Kasman at tkasman@auditor.lacounty.gov.

AB:OV:RGC:TK:JH:tw

Attachments

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Audit Committee
Countywide Communications

Attachment I

COUNTY OF LOS ANGELES

Independent Auditor's Report on Schedule of Revenues and Expenditures and Changes in Fund Balance

HOMELESS AND HOUSING MEASURE H SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2022



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County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

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Independent Auditor's Report

Ms. Arlene Barrera
Auditor-Controller
County of Los Angeles
Los Angeles, California

Report on the Audit of the Schedule of Homeless and Housing Measure H Revenues and Expenditures and Changes in Fund Balance

Opinion

We have audited the accompanying Schedule of Homeless and Housing Measure H (Measure H) Revenues and Expenditures and Changes in Fund Balance (the Schedule) of the County of Los Angeles (the County) for the fiscal year ended June 30, 2022, and the related notes to the Schedule, which collectively comprise County's Schedule as listed in the table of contents.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the Measure H Revenues and Expenditures of the County for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the County and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the Schedule, the accompanying Schedule of the Measure H Special Revenue Fund is intended to present the revenues and expenditures attributable to the Measure H Fund. They do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2022, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our report is not modified with respect to this matter.

Responsibility of Management for the Schedule of Measure H Revenues and Expenditures

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America, and for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the Schedule date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Schedule of Measure H Revenues and Expenditures and Changes in Fund Balance

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from a fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic Schedule. Such information is the responsibility of management and, although not a part of the basic Schedule, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic Schedule in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic Schedule, and other knowledge we obtained during our audit of the basic Schedule. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BCA Watson Rice, LLP

Torrance, CA
December 12, 2022

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

Revenues:

Voter Approved Special Taxes	\$	486,379,562
Investment Losses		(8,422,034)
Prior Year Returned Funds		<u>6,798</u>
Total Revenues		<u><u>477,964,326</u></u>

Expenditures

	<i>Strategy by Department/ Agency:</i>	<i>Total by Strategy</i>	<i>Total by Objective</i>
A: Prevent Homelessness			
A1: Homeless Prevention Program for Families			
Los Angeles Homeless Services Authority	\$ 7,130,502		
Department of Children and Family Services	<u>231,000</u>		
Total A1: Homeless Prevention Program for Families		\$ 7,361,502	
A5: Homeless Prevention Program for Individuals			
Los Angeles Homeless Services Authority	7,426,420		
Department of Children and Family Services	<u>166,546</u>		
Total A5: Homeless Prevention Program for Individuals		<u>7,592,966</u>	
Total A: Prevent Homelessness			\$ 14,954,468
B: Subsidize Housing			
B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing Supplemental Security Income (SSI)			
Department of Public Social Services	<u>1,713,000</u>		
Total B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI		1,713,000	
B3: Partner with Cities to Expand Rapid Re-Housing			
Los Angeles Homeless Services Authority	<u>46,026,924</u>		
Total B3: Partner with Cities to Expand Rapid Re-Housing		46,026,924	
B4: Facilitate Utilization of Federal Housing Subsidies			
Los Angeles County Development Authority	<u>2,071,892</u>		
Total B4: Facilitate Utilization of Federal Housing Subsidies		2,071,892	
B6: Family Reunification Housing Subsidy			
Department of Children and Family Services	<u>1,468,000</u>		
Total B6: Family Reunification Housing Subsidy		1,468,000	
B7: Interim/ Bridge Housing for Those Exiting Institutions			
Department of Health Services	20,864,825		
Department of Public Health	7,777,068		
Department of Mental Health	70,888		
Los Angeles Homeless Services Authority	<u>3,853,253</u>		
Total B7: Interim/ Bridge Housing for Those Exiting Institutions		<u>32,566,034</u>	
Total B: Subsidize Housing			83,845,850

Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance (Continued)
For the Fiscal Year Ended June 30, 2022

Expenditures	<i>Strategy by Department/ Agency:</i>	<i>Total by Strategy</i>	<i>Total by Objective</i>
C: Increase Income			
C4: Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness			
Department of Health Services	\$ 2,759,161		
Department of Mental Health	1,156,000		
Department of Public Social Services	<u>3,023,204</u>		
Total C4: Establish a Countywide SSI Advocacy Program		\$ 6,938,365	
C7: Subsidized Employment for Homeless Adults			
Department of Workforce Development, Aging, and Community Services	5,079,691		
Department of Workforce Development, Aging, and Community Services - paid with Fiscal Year (FY) 2020-21 encumbrance	<u>513,080</u>		
Total C7: Subsidized Employment for Homeless Adults		<u>5,592,771</u>	
Total C: Increase Income			\$ 12,531,136
D: Provide Case Management and Services			
D2: Jail In-Reach			
Department of Health Services	1,634,591		
Sheriff's Department	<u>419,782</u>		
Total D2: Jail In-Reach		2,054,373	
D6: Criminal Record Clearing Project			
Department of Public Defender	<u>2,561,993</u>		
Total D6: Criminal Record Clearing Project		2,561,993	
D7: Provide Services and Rental Subsidies for Permanent Supportive Housing			
Department of Health Services	85,777,794		
Department of Mental Health	3,802,141		
Department of Public Health	<u>1,390,902</u>		
Total D7: Provide Services and Rental Subsidies for Permanent Supportive Housing		<u>90,970,837</u>	
Total D: Provide Case Management and Services			95,587,203
E: Create a Coordinated System			
E6: Countywide Outreach System			
Department of Health Services	25,051,463		
Department of Public Health	491,695		
Los Angeles Homeless Services Authority	<u>9,423,209</u>		
Total E6: Countywide Outreach System		34,966,367	

Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance (Continued)
For the Fiscal Year Ended June 30, 2022

Expenditures	<i>Strategy by Department/ Agency:</i>	<u>Total by Strategy</u>	<u>Total by Objective</u>
E7: Strengthen the Coordinated Entry System			
Los Angeles Homeless Services Authority	\$ 14,991,582		
Chief Executive Office	1,192,260		
Chief Executive Office - paid with FY 2019-20 encumbrance	4,483,689		
Chief Executive Office - paid with FY 2021-22 encumbrance	<u>12,580</u>		
Total E7: Strengthen the Coordinated Entry System		\$ 20,680,111	
E8: Enhance the Emergency Shelter System			
Department of Health Services	23,103,936		
Los Angeles Homeless Services Authority	49,730,163		
Department of Mental Health	72,704		
Department of Public Health	480,439		
Chief Executive Office	<u>218,989</u>		
Total E8: Enhance the Emergency Shelter System		73,606,231	
E14: Enhanced Services for Transition Age Youth			
Los Angeles Homeless Services Authority	<u>16,103,058</u>		
Total E14: Enhanced Services for Transition Age Youth		<u>16,103,058</u>	
Total E: Create a Coordinated System			\$ 145,355,767
Administrative:			
Homeless Initiative Administration		<u>2,514,963</u>	
Total Administrative:			<u>2,514,963</u>
Grand Total Expenditures			<u>354,789,387</u>
Revenue Over Expenditures			123,174,939
Net change in Fund Balance			<u>123,174,939</u>
Fund Balance, July 1, 2021			<u>179,037,261</u>
Fund Balance, June 30, 2022			<u>\$ 302,212,200</u>

Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance are an integral part of this Schedule.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

The Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance are summaries of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying Schedule of Revenues and Expenditures.

1. Organization

General

The County of Los Angeles (County), which was established in 1850, is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through an elected five-member Board of Supervisors, which, as the governing body of the County, is responsible for the legislative and executive control of the County.

Homeless and Housing Measure H Special Revenue Fund

Measure H, also known as the Transaction and Use Tax to Prevent and Combat Homelessness Ordinance (Los Angeles County Code, Chapter 4.73) is a special revenue fund of the County used to account for the proceeds of the voter-approved quarter-cent county-wide sales tax that became effective in March 2017. The California Board of Equalization began collecting the Measure H quarter-cent sales tax from businesses and consumers in October 2017. Revenues collected are required to be expended by the County pursuant to an expenditure plan approved by the Board of Supervisors prior to June 30th of each fiscal year. The fiscal year (FY) 2021-2022 Board approved expenditure plan funded 17 Homeless Initiative strategies to combat the homeless crisis in Los Angeles County. The funding was allocated to the following County departments and outside agencies: the Chief Executive Office (CEO), the Department of Children and Family Services (DCFS), the Department of Health Services (DHS), the Department of Mental Health (DMH), the Department of Public Health (DPH), the Department of Public Social Services (DPSS), Public Defender (PD), Workforce Development, Aging and Community Services (WDACS), Los Angeles Sheriff's Department (LASD), the Los Angeles Community Development Authority (LACDA) (formerly known as the Community Development Commission), and the Los Angeles Homeless Services Authority (LAHSA).

These strategies were divided into the following six areas:

Strategy A - Preventing Homelessness - Combating homelessness requires reducing the number of families and individuals who have become homeless and helping currently homeless families and individuals move into permanent housing.

Strategy B - Subsidize Housing - Homeless families and individuals lack sufficient income to pay rent on an ongoing basis due to the high cost of housing in Los Angeles County. Subsidizing rent and related housing costs is key to enabling homeless families and individuals to secure and retain permanent housing and to prevent families and individuals from becoming homeless.

Strategy C - Increase Income - A high percentage of homeless adults can increase their income through employment and qualified disabled homeless individuals can increase their income through federal disability benefits. This increase in income can assist homeless families and individuals pay for their own housing in the future.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

1. Organization (Continued)

Homeless and Housing Measure H Special Revenue Fund (Continued)

Strategy D - Provide Case Management and Services - The availability of appropriate case management and supportive services is critical to enable homeless families and individuals to take advantage of an available rental subsidy, increase their income, and access/utilize available services and benefits. Since the specific needs of homeless families and individuals vary depending on their circumstances, they need case management and supportive services to secure and maintain permanent housing.

Strategy E - Create a Coordinated System - Homeless individuals, families, and youth often encounter multiple County departments, city agencies, and community-based providers based on their complex individual needs. This fragmentation is often exacerbated by lack of coordination of services, disparate eligibility requirements, funding streams, and bureaucratic processes. A coordinated system brings together homeless and mainstream services to maximize the efficiency of current programs and expenditures.

Strategy F - Increase Affordable Homeless Housing - The lack of affordable housing for the homeless contributes substantially to the current crisis of homelessness. The County and cities throughout the region can increase the availability of both affordable and homeless housing through a combination of land use policy and subsidies for housing development.

2. Summary of Significant Accounting Policies

The Schedule of Revenues and Expenditures and Changes in Fund Balance for the Homeless and Housing Measure H Special Revenue Fund (the Schedule) has been prepared in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments. The most significant of the County's accounting policies with regard to the special revenue fund type are described below:

Fund Accounting

The County utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Governmental Funds are used to account for most of the County's governmental activities. The measurement focus is a determination of changes in financial position, rather than a net income determination. The County uses governmental fund type Special Revenue Fund to account for Measure H sales tax revenues and expenditures. Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The modified accrual basis of accounting is used for the special revenue fund type. Under the modified accrual basis of accounting, revenues (primarily from sales tax) are recorded when susceptible to accrual, which means measurable (amount can be determined) and available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period). Expenditures are generally recorded when a liability is incurred.

Investment Earnings/Losses

The County maintains a pooled cash and investments account that is available for use by all funds, except those restricted by State statutes. For the fiscal year ended June 30, 2022, the Homeless and Housing Measure H Special Revenue Fund had investment losses of \$8,422,034.

Use of Estimates

The preparation of the Schedule in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Schedule of Revenues and Expenditures and Changes in Fund Balance for the Measure H Special Revenue Fund

The Schedule is intended to reflect the revenues and expenditures of the Homeless and Housing Measure H Special Revenue fund only. Accordingly, the Schedule does not purport to, and does not, present fairly the financial position of the County and changes in financial position thereof for the year then ended in conformity with US GAAP.

The audited financial statements for the Homeless and Housing Measure H Special Revenue Fund for the fiscal year ended June 30, 2022 are included in the County's Audited Annual Comprehensive Financial Report (ACFR).

3. Los Angeles Homeless Services Authority

For the fiscal year ended June 30, 2022, the County recorded \$154,685,111 for LAHSA's Measure H expenditures to prevent and combat homelessness projects under various homeless initiative strategies as listed in the table on the following page. However, LAHSA's actual Measure H expenditures were \$170,512,580 for the fiscal year ended June 30, 2022. The \$15,827,469 difference represents LAHSA's late 4th quarter claims/billings not reimbursed in FY 2021-22 by the County since it was submitted beyond the County's processing cut-off date for expenditures reimbursements/payments.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

3. Los Angeles Homeless Services Authority (Continued)

Strategy	Measure H Expenditures Disbursed/Paid by County	Measure H Expenditures Incurred by LAHSA	Difference, County is Under
A1 Homeless Prevention Program for Families	\$ 7,130,502	\$ 7,286,603	\$ (156,101)
A5 Homeless Prevention Program for Individuals	7,426,420	7,964,682	(538,262)
B3 Partner with Cities to Expand Rapid Re-Housing	46,026,924	47,802,407	(1,775,483)
B7 Interim/Bridge Housing for Those Exiting Institutions	3,853,253	4,447,841	(594,588)
E6 Countywide Outreach System	9,423,209	10,059,259	(636,050)
E7 Strengthen the Coordinated Entry System	14,991,582	16,745,247	(1,753,665)
E8 Enhance the Emergency Shelter System	49,730,163	58,097,038	(8,366,875)
E14 Enhanced Services for Transition Age Youth	16,103,058	18,109,503	(2,006,445)
Total	<u>\$ 154,685,111</u>	<u>\$ 170,512,580</u>	<u>\$ (15,827,469)</u>

4. Measure H Expenditures Paid/Disbursed to County Departments and Outside Agencies

Measure H expenditures paid/disbursed to County Departments and Outside Agencies for the fiscal year ended June 30, 2022, were as follows:

Department/Agency/Strategy	Measure H Expenditures Paid/Disbursed to County Departments/ Outside Agencies
Chief Executive Office	
E7 Strengthen the Coordinated Entry System	\$ 5,688,529
E8 Enhance the Emergency Shelter System	218,989
Admin Homeless Initiative Administration	2,514,963
Total	<u>\$ 8,422,481</u>
Department of Child and Family Services	
A1 Homeless Prevention Program for Families	\$ 231,000
A5 Homeless Prevention Program for Individuals	166,546
B6 Family Reunification Housing Subsidy	1,468,000
Total	<u>\$ 1,865,546</u>
Department of Health Services	
B7 Interim/Bridge Housing for Those Exiting Institutions	\$ 20,864,825
C4 Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	2,759,161
D2 Jail In-Reach	1,634,591
D7 Provide Services and Rental Subsidies for Permanent Supportive Housing	85,777,794
E6 Countywide Outreach System	25,051,463
E8 Enhance the Emergency Shelter System	23,103,936
Total	<u>\$ 159,191,770</u>
Department of Mental Health	
B7 Interim/Bridge Housing for Those Exiting Institutions	\$ 70,888
C4 Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	1,156,000
D7 Provide Services and Rental Subsidies for Permanent Supportive Housing	3,802,141
E8 Enhance the Emergency Shelter System	72,704
Total	<u>\$ 5,101,733</u>

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

4. Measure H Expenditures Paid/Disbursed to County Departments and Outside Agencies (Continued)

Department/Agency/Strategy	Measure H Expenditures Paid/Disbursed to County Departments/ Outside Agencies
Department of Public Health	
B7 Interim/Bridge Housing for Those Exiting Institutions	\$ 7,777,068
D7 Provide Services and Rental Subsidies for Permanent Supportive Housing	1,390,902
E6 Countywide Outreach System	491,695
E8 Enhance the Emergency Shelter System	480,439
Total	\$ 10,140,104
Department of Public Social Services	
B1 Provide Subsidized Housing to Homeless Disabled Individuals Pursuing Supplemental Security Income (SSI)	\$ 1,713,000
C4 Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	3,023,204
Total	\$ 4,736,204
Sheriff's Department	
D2 Jail In-Reach	\$ 419,782
Total	\$ 419,782
Los Angeles County Development Authority	
B4 Facilities Utilization of Federal Housing Subsidies	\$ 2,071,892
Total	\$ 2,071,892
Los Angeles Homeless Services Authority	
A1 Homeless Prevention Program for Families	\$ 7,130,502
A5 Homeless Prevention Program for Individuals	7,426,420
B3 Partner with Cities to Expand Rapid Re-Housing	46,026,924
B7 Interim/Bridge Housing for Those Exiting Institutions	3,853,253
E6 Countywide Outreach System	9,423,209
E7 Strengthen the Coordinated Entry System	14,991,582
E8 Enhance the Emergency Shelter System	49,730,163
E14 Enhanced Services for Transition Age Youth	16,103,058
Total	\$ 154,685,111
Public Defender	
D6 Criminal Record Clearing Project	\$ 2,561,993
Total	\$ 2,561,993
Workforce Development, Aging, and Community Services	
C7 Subsidized Employment for Homeless Adults	\$ 5,592,771
Total	\$ 5,592,771
Grand Total	\$ 354,789,387

5. Contingencies

The County is involved in a lawsuit filed by the LA Alliance for Human Rights alleging that the County has not taken adequate action to address the homelessness crisis in the Los Angeles County area. In September 2022, the County reached a settlement with LA Alliance to resolve this lawsuit. The County believes that any liability that may arise from the settlement agreement will not impact the Schedule for the fiscal year ended June 30, 2022.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

6. Subsequent Events

In preparing the Schedule, the County has evaluated events and transactions for potential recognition or disclosure through December 12, 2022, the date the Schedule was available to be issued. No subsequent events occurred that require recognition or additional disclosure in the Schedule.

REQUIRED SUPPLEMENTARY INFORMATION

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance – Budget and Actual
on a Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues:			
Voter Approved Special Taxes	434,627,000	486,379,562	51,752,562
Interest Earnings	-	1,320,966	1,320,966
Prior Year Returned Funds	-	6,798	6,798
Total Revenues	434,627,000	487,707,326	53,080,326
Expenditures			
A: Prevent Homelessness			
A1: Homeless Prevention Program for Families			
Los Angeles Homeless Services Authority	12,050,000	7,130,502	4,919,498
Department of Children and Family Services	231,000	231,000	-
Total A1: Homeless Prevention Program for Families	12,281,000	7,361,502	4,919,498
A5: Homeless Prevention Program for Individuals			
Los Angeles Homeless Services Authority	11,391,000	7,426,420	3,964,580
Department of Children and Family Services	250,000	166,546	83,454
Department of Health Services	1,376,000	-	1,376,000
Chief Executive Office	1,038,000	-	1,038,000
Total A5: Homeless Prevention Program for Individuals	14,055,000	7,592,966	6,462,034
Total A: Prevent Homelessness	26,336,000	14,954,468	11,381,532
B: Subsidize Housing			
B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI			
Department of Public Social Services	1,713,000	1,713,000	-
Total B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI	1,713,000	1,713,000	-
B3: Partner with Cities to Expand Rapid Re-Housing			
Los Angeles Homeless Services Authority	80,305,000	46,026,924	34,278,076
Chief Executive Office	2,612,000	-	2,612,000
Total B3: Partner with Cities to Expand Rapid Re-Housing	82,917,000	46,026,924	36,890,076
B4: Facilitate Utilization of Federal Housing Subsidies			
Los Angeles County Development Authority	11,105,000	2,071,892	9,033,108
Total B4: Facilitate Utilization of Federal Housing Subsidies	11,105,000	2,071,892	9,033,108
B6: Family Reunification Housing Subsidy			
Department of Children and Family Services	1,468,000	1,468,000	-
Total B6: Family Reunification Housing Subsidy	1,468,000	1,468,000	-
B7: Interim/ Bridge Housing for Those Exiting Institutions			
Department of Health Services	22,704,000	20,864,825	1,839,175
Department of Public Health	9,415,000	7,777,068	1,637,932
Los Angeles Homeless Services Authority	5,005,000	3,853,253	1,151,747
Department of Mental Health	82,000	70,888	11,112
Total B7: Interim/ Bridge Housing for Those Exiting Institutions	37,206,000	32,566,034	4,639,966
Total B: Subsidize Housing	134,409,000	83,845,850	50,563,150
C: Increase Income			
C4: Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness			
Department of Health Services	4,226,000	2,759,161	1,466,839
Department of Mental Health	1,156,000	1,156,000	-
Department of Public Social Services	5,281,000	3,023,204	2,257,796
Total C4: Establish a Countywide SSI Advocacy Program	10,663,000	6,938,365	3,724,635
C7: Subsidized Employment for Homeless Adults			
Department of Workforce Development, Aging, and Community Services	7,100,000	5,592,771	1,507,229
Total C7: Subsidized Employment for Homeless Adults	7,100,000	5,592,771	1,507,229
Total C: Increase Income	17,763,000	12,531,136	5,231,864

See accompanying notes to the required supplementary information.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance – Budget and Actual on a
Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2022

	Budget	Actual	Variance
D: Provide Case Management and Services			
D2: Jail In-Reach			
Department of Health Services	1,872,000	1,634,591	237,409
Sheriff's Department	465,000	419,782	45,218
Total D2: Jail In-Reach	<u>2,337,000</u>	<u>2,054,373</u>	<u>282,627</u>
D6: Criminal Record Clearing Project			
Department of Public Defender	3,067,000	2,561,993	505,007
Total D6: Criminal Record Clearing Project	<u>3,067,000</u>	<u>2,561,993</u>	<u>505,007</u>
D7: Provide Services and Rental Subsidies for Permanent Supportive Housing			
Department of Health Services	97,642,000	85,777,794	11,864,206
Department of Mental Health	11,026,000	3,802,141	7,223,859
Department of Public Health	1,564,000	1,390,902	173,098
Total D7: Provide Services and Rental Subsidies for PSH	<u>110,232,000</u>	<u>90,970,837</u>	<u>19,261,163</u>
Total D: Provide Case Management and Services	<u>115,636,000</u>	<u>95,587,203</u>	<u>20,048,797</u>
E: Create a Coordinated System			
E6: Countywide Outreach System			
Department of Health Services	26,471,000	25,051,463	1,419,537
Los Angeles Homeless Services Authority	11,505,000	9,423,209	2,081,791
Department of Public Health	756,000	491,695	264,305
Chief Executive Office	905,000	-	905,000
Total E6: Countywide Outreach System	<u>39,637,000</u>	<u>34,966,367</u>	<u>4,670,633</u>
E7: Strengthen the Coordinated Entry System			
Los Angeles Homeless Services Authority	19,163,000	14,991,582	4,171,418
Chief Executive Office	8,378,000	5,688,529	2,689,471
Total E7: Strengthen the Coordinated Entry System	<u>27,541,000</u>	<u>20,680,111</u>	<u>6,860,889</u>
E8: Enhance the Emergency Shelter System			
Department of Health Services	37,171,000	23,103,936	14,067,064
Los Angeles Homeless Services Authority	65,313,000	49,730,163	15,582,837
Department of Mental Health	81,000	72,704	8,296
Department of Public Health	668,000	480,439	187,561
Chief Executive Office	3,233,000	218,989	3,014,011
Total E8: Enhance the Emergency Shelter System	<u>106,466,000</u>	<u>73,606,231</u>	<u>32,859,769</u>
E14: Enhanced Services for Transition Age Youth			
Los Angeles Homeless Services Authority	21,468,000	16,103,058	5,364,942
Total E14: Enhanced Services for Transition Age Youth	<u>21,468,000</u>	<u>16,103,058</u>	<u>5,364,942</u>
Total E: Create a Coordinated System	<u>195,112,000</u>	<u>145,355,767</u>	<u>49,756,233</u>
Administrative:			
Homeless Initiative Administration	5,011,000	2,514,963	2,496,037
Total Administrative:	<u>5,011,000</u>	<u>2,514,963</u>	<u>2,496,037</u>
Total Expenditures	<u>494,267,000</u>	<u>354,789,387</u>	<u>139,477,613</u>
Excess of Expenditures Over Revenues	(59,640,000)	132,917,939	(86,397,287)
Less: Contractual Obligations/Changes in fund balance			
Commitments Outstanding as of fiscal year end	-	120,047,000	120,047,000
Changes in fund balance	(106,954,000)	(227,650,939)	(227,650,939)
Total Net Change in Contractual obligations	<u>(106,954,000)</u>	<u>(107,603,939)</u>	<u>(107,603,939)</u>
Net change in Fund Balance	(166,594,000)	25,314,000	(191,908,000)
Fund Balance, July 1, 2021	<u>166,594,000</u>	<u>166,594,000</u>	<u>-</u>
Fund Balance, June 30, 2022	<u>\$ -</u>	<u>\$ 191,908,000</u>	<u>\$ (191,908,000)</u>

See accompanying notes to the required supplementary information.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Notes to the Required Supplementary Information
June 30, 2022

1. Budgets and Budgetary Information

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts an annual budget on or before October 2 for each fiscal year. Budgets are adopted on a basis of accounting that is different from accounting principles generally accepted in the United States of America. Budgets for the Homeless and Housing Measure H Special Revenue Fund are consistent with the annual expenditure plan approved by the Board of Supervisors. The County utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

2. Reconciliation of Fund Balance- Budgetary to US GAAP Basis

The Schedule of Revenues and Expenditures and Changes in Fund Balance of the Homeless and Housing Measure H Special Revenue Fund has been prepared on a modified accrual basis of accounting in accordance with US GAAP. The Budgetary Comparison Schedule has been prepared on a budgetary basis, which is different from US GAAP.

The following schedule is a reconciliation of the budgetary and US GAAP fund balances as of June 30, 2022:

Fund Balance - budgetary basis	\$ 191,908,000
Encumbrances and other reserves	<u>120,047,000</u>
Subtotal	311,955,000
Adjustments:	
Change in revenue accruals	<u>(9,743,000)</u>
Fund Balance - US GAAP basis	<u>\$ 302,212,000</u>

**SUPPLEMENTAL INFORMATION
IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**Independent Auditor’s Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of the Schedule of Revenues and Expenditures and Changes in Fund Balance
of the Homeless and Housing Measure H Special Revenue Fund
Performed in Accordance with *Government Auditing Standards***

Ms. Arlene Barrera
Auditor-Controller
County of Los Angeles
Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Revenues and Expenditures and Changes in Fund Balance (the Schedule) for Homeless and Housing Measure H (Measure H) Special Revenue Fund of the County of Los Angeles (the County) for the fiscal year ended June 30, 2022, and the related notes to the Schedule, which collectively comprised the County’s Schedule, and have issued our report thereon dated December 12, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County’s Schedule will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the amounts on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BCA Watson Rice, LLP

Torrance, California
December 12, 2022

**Independent Auditor's Report on Compliance with Requirements
Applicable to Revenues and Expenditures and Changes in Fund Balance of the
Homeless and Housing Measure H Special Revenue Fund in Accordance with the
Measure H, Ordinance 2017-001, Chapter 4.73 to the Los Angeles County Code –
Transaction and Use Tax to Prevent and Combat Homelessness**

Ms. Arlene Barrera
Auditor-Controller
County of Los Angeles
Los Angeles, California

Report on Compliance

Opinion on Measure H Revenues and Expenditures

We have audited the County of Los Angeles' (the County) compliance with the *Measure H, Ordinance 2017-001, Chapter 4.73 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness* (Measure H Ordinance) applicable to the Homeless and Housing Measure H (Measure H) revenues and expenditures and changes in the fund balance for the fiscal year ended June 30, 2022.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to the Measure H revenues and expenditures for the fiscal year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Measure H revenues and expenditures.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County's compliance with Measure H revenues and expenditures based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of the Measure H revenues and expenditures as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County's compliance with the compliance requirements referred to above and performing other procedures as necessary in the circumstances.
- Obtain an understanding of County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Measure H revenues and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the compliance requirements of the Measure H revenues and expenditures. Accordingly, this report is not suitable for any other purpose.

BCA Watson Rice, LLP

Torrance, California

December 12, 2022

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Current Year Audit Findings and Recommendations
For the Fiscal Year Ended June 30, 2022

There are no current year audit findings.

County of Los Angeles
Homeless and Housing Measure H Special Revenue Fund
Status of Prior-Year Audit Findings and Recommendations

There were no prior year audit findings.

Attachment II

COUNTY OF LOS ANGELES

Independent Accountant's Report On Applying Agreed-Upon Procedures

MEASURE H

(Ordinance 2017-001, Chapter 4.73 to the Los Angeles County Code –
Transaction and Use Tax to Prevent and Combat Homelessness)

For the Fiscal Year Ended June 30, 2022



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**INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Ms. Arlene Barrera
Auditor-Controller
County of Los Angeles
Los Angeles, California

We have performed the procedures enumerated below, which were agreed to by the County of Los Angeles (the County), solely to assist the County in determining whether the eleven (11) County Departments and outside agencies that received Homeless and Housing Measure H (Measure H) Special Revenue Funds were in compliance with the Measure H Ordinance 2017-001, Chapter 4.73 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness terms and conditions for the year ended June 30, 2022. The eleven County Departments and outside agencies are as follows: the Chief Executive Office (CEO), the Department of Children and Family Services (DCFS), the Department of Health Services (DHS), the Department of Mental Health (DMH), the Department of Public Health (DPH), the Department of Public Social Services (DPSS), Public Defender (PD), Workforce Development, Aging and Community Services (WDACS), the Los Angeles Sheriff’s Department (LASD), the Los Angeles Community Development Authority (LACDA) (formerly known as the Community Development Commission), and the Los Angeles Homeless Services Authority (LAHSA). The management of the eleven County Departments and outside agencies are responsible for compliance with the Measure H Ordinance requirements.

The County has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining whether the foregoing County Departments and outside agencies are in compliance with the Measure H Ordinance requirements for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We performed the agreed-upon test procedures as described below utilizing the American Institute of Certified Public Accountants (AICPA) Sampling Guidelines.

Findings

CEO

CEO’s Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (38.26%) and non-payroll expenditures (61.74%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of January 2022 and March 2022 and performed detailed testing of all employees charged to the program, which represented 19.42% of total payroll expenditures. In addition, we selected 25 transactions for non-payroll/program expenditures, which represented 40.11% of total non-payroll expenditures. **No exceptions were found.**

DCFS

DCFS' Measure H expenditures for the year ended June 30, 2022 consist of DCFS subcontractor expenditures (100%). Based on the AICPA Sampling Guidelines, we selected a sample size of 25 subcontractor transactions for non-payroll/program expenditures, equivalent to 24.36% of the total subcontractor expenditures. **No exceptions were found.**

DHS

DHS' Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (7.96%) and non-payroll expenditures (92.04%). Based on the AICPA Sampling Guidelines, we selected a sample size of one month for payroll expenditures for the month of January 2022 and performed detailed testing of all employees charged to the program, which represented 7.68% of total payroll expenditures. In addition, we selected 33 expenditures reports for non-payroll cost reimbursement contract expenditures and seven fee-for-service invoice contract expenditures representing 15.06% and 10.95% of the total non-payroll expenditures, respectively. From each expenditure report, we selected one transaction (33 for cost reimbursements and seven for fee-for-service) to verify the adequacy of supporting back-up documentation. **No exceptions were found.**

DMH

DMH's Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (54.48%) and non-payroll subcontractor expenditures (45.52%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months consisting of four pay periods for payroll expenditures for the months of September 2021 and December 2021 and performed detailed testing of 24 employees who charged their payroll expenditures to the program, which represented 17.5% of total payroll expenditures. In addition, we reviewed 25 non-payroll subcontractor claimed expenditures, which represented 87.3% of total subcontractor expenditures. **No exceptions were found.**

DPH

DPH's Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (13.73%) and non-payroll expenditures (86.27%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of September 2021 and December 2021 and performed detailed testing of all employees charged to the program during these two months, which represented 17.35% of total payroll expenditures. In addition, we selected five transactions for non-payroll contractor expenditures, which represented 9.67% of total non-payroll contractor expenditures, and 35 non-payroll recipient expenditures, randomly selected from the months of July 2021 through June 2022, which represented 0.66% of total non-payroll recipient expenditures. The non-payroll recipient expenditures consist of payments for health services provided for various clients. **No exceptions were found.**

DPSS

DPSS' Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (18.91%) and subcontractor expenditures (81.09%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of September 2021 and December 2021 and performed detailed testing of 22 employees who charged payroll expenditures to the program, which represents 13.63% of total payroll expenditures. In addition, we selected 26 transactions for subcontractor expenditures, which represented 31.91% of total subcontractor expenditures, and 14 non-payroll recipient expenditures, randomly selected from the months of July 2021 through December 2021, which represented 0.43% of total non-payroll recipient expenditures. From each subcontractor claim/invoice, we selected one transaction to verify the adequacy of supporting back-up documentation. The subcontractor expenditures represent payments made to subcontractors of the Department of Health Services for the implementation of the Benefit Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness. The non-payroll recipient

expenditures consist of payments for rental subsidies and move-in costs provided for various clients. **No exceptions were found.**

PD

PD's Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (69%) and non-payroll and subcontractor expenditures (31%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of September 2021 and December 2021 and performed detailed testing of all employees who charged payroll to the program during these two months, which represented 17.69% of total payroll expenditures. In addition, we randomly selected five non-payroll/subcontractor transactions/expenditures, which represented 64.73% of the total non-payroll/subcontractor expenditures. **No exceptions were found.**

WDACS

WDACS Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (11.16%) and subcontractor expenditures (88.84%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of September 2021 and March 2022 and performed detailed testing of four employees who charged payroll to the program, which represented 11.73% of total payroll expenditures. In addition, we randomly selected 40 subcontractor expense reports for non-payroll/program expenditures, equivalent to 41.07% of the total subcontractor expenditures. From these expense reports we selected 40 transactions to verify the adequacy of back-up supporting documents, which represented 12.60% of the selected subcontractor expense reports. **No exceptions were found.**

LACDA

LACDA's expenditures for the year ended June 30, 2022 consist of payroll expenditures (12.41%) and non-payroll expenditures (87.59%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the month of December 2021 and April 2022 and performed detailed testing of all employees charged to the program. In addition, we selected 40 transactions for non-payroll expenditures, which represented 15.13% of total non-payroll expenditures. **No exceptions were found.**

LASD

LASD's Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (100%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months consisting of four pay periods for payroll expenditures for the months of December 2021 and March 2022 and performed detailed testing of all employees charged to the program, which represented 19.22% of total payroll expenditures. **No exceptions were found.**

LAHSA

LAHSA's Measure H expenditures for the year ended June 30, 2022 consist of payroll expenditures (14.76%) and non-payroll/subcontractor expenditures (85.24%). Based on the AICPA Sampling Guidelines, we selected a sample size of one month of payroll expenditures for the month of March 2022 and performed detailed testing of 50 randomly selected employees. In addition, we selected 60 expenditures reports for non-payroll/subcontractor expenditures, which represented 15.36% of total non-payroll/subcontractor expenditures. From the selected expenditures reports, we further selected 60 individual transactions for detailed testing. In addition to the foregoing detailed test procedures, we also reviewed LAHSA's monitoring procedures and monitoring reports of its subcontractors to ensure that claimed expenditures were in accordance with the respective contracts/agreements and the expenditures claimed were allowable and within budget of the specific strategies. **No exceptions were found.**

2. We verified that the Department/Agency or their contractors and subcontractors providing Measure H services maintained:
 - a. Documentation to support the amount billed for providing Measure H program services under their contract.

Findings

CEO

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed percentage of time charged on the labor distribution report to the timesheets, and agreed pay rates charged on the labor distribution report to pay rates in the Employee Sequence Register. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the 25 non-payroll transactions selected, we agreed the expenditures to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

DCFS

For the 25 subcontractor transactions selected, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

DHS

For the one month selected, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on the labor distribution report to pay rates in the Employee Sequence Registers. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the 33 non-payroll transactions for reimbursement contracts and seven non-payroll transactions for fee-for-service contracts selected for detailed testing, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

DMH

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on the labor distribution report to pay rates in the Employee Sequence Registers. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the 25 non-payroll subcontractor claimed expenditures selected, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

DPH

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on

the labor distribution report to pay rates in the Employee Sequence Register. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the five non-payroll contractor transactions selected, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

For the 35 non-payroll recipient expenditures transactions selected, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and properly recorded in the accounting system. **No exceptions were found.**

DPSS

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on the labor distribution report to pay rates in the Employee Sequence Register. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the 26 selected subcontractor expenditures, we agreed the expenditure to backup supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

For the 14 non-payroll recipient expenditures, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

PD

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed payroll expenditures on the labor distribution report to the pay stubs, and agreed salaries on the labor distribution report to salaries in the Employee Sequence Register. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the five non-payroll transactions selected, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

WDACS

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on the labor distribution report to pay rates in the Employee Sequence Register. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the 40 subcontractor expenditures selected, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

LACDA

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on

the labor distribution report to pay rates in the employee payroll register. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the 40 non-payroll/program transactions selected, we agreed the expenditure to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

LASD

For the two months selected, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on the labor distribution report to pay rates in the employee personnel files. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

LAHSA

For the one month payroll expenditures and the 50 randomly selected employees, we traced payroll expenditures to labor distribution reports, agreed hours charged on the labor distribution report to the timesheets, and agreed pay rates charged on the labor distribution report to pay rates in the employee personnel files. We also confirmed that timesheets were signed by the employee and approved by the supervisor. **No exceptions were found.**

For the 60 non-payroll/subcontractor expenditures selected for detailed testing, we agreed the expenditures to back-up supporting documentation, confirmed that the expenditures were properly approved, and verified that the expenditures were properly recorded in the accounting system. **No exceptions were found.**

- b. Records to verify that funds were used for allowable expenditures in compliance with the requirements of Measure H.

Findings

CEO

For the two months selected, we confirmed that the payroll expenditures were specific to the cost of Administration of the Measure H program. **No exceptions were found.**

For the 25 transactions of non-payroll expenditures selected, we confirmed **with no exceptions** that the non-payroll expenditures were specific to the cost of Administration of the Measure H programs and the following Measure H strategies:

- Measure H Administration
- Strategy E7 - Strengthen the Coordinated Entry System
- Strategy E8 - Enhance the Emergency Shelter System

DCFS

For the 25 transactions of subcontractor expenditures selected, we confirmed **with no exceptions** that the payroll expenditures and subcontractor expenditures were specific to the following Measure H strategies:

- Strategy A1 – Homeless Prevention Program for Families
- Strategy A5 – Homeless Prevention Program for Individuals
- Strategy B6 – Family Reunification Housing Subsidy

DHS

For the one month of payroll expenditures selected, 33 transactions of non-payroll expenditures for reimbursement contracts, and seven non-payroll expenditure transactions for fee-for-service contracts, we confirmed **with no exceptions** that the payroll expenditures and non-payroll expenditures were specific to the following Measure H strategies:

- Strategy B7 - Interim/Bridge Housing for Those Exiting Institutions
- Strategy C4 - Establish a Countywide Supplemental Security Income (SSI) Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness
- Strategy D2 - Jail In-Reach
- Strategy D7 - Provides Services and Rental Subsidies for Permanent Supportive Housing
- Strategy E6 - Countywide Outreach System
- Strategy E8 - Enhance the Emergency Shelter System

DMH

For the two months of payroll expenditures selected and 25 subcontractor expenditures/claims selected, we confirmed **with no exceptions** that the payroll expenditures and subcontractor expenditures were specific to the following Measure H strategies:

- Strategy B7 - Interim/Bridge Housing for those Exiting Institutions
- Strategy C4 - Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at risk of Homelessness
- Strategy D7 - Provide Services and Rental Subsidies for Permanent Supportive Housing
- Strategy E8 - Enhance the Emergency Shelter System

DPH

For the two months of payroll expenditures, five subcontractor expenditures, and 35 non-payroll recipient expenditures transactions selected, we confirmed **with no exceptions** that the payroll and non-payroll/subcontractor expenditures were specific to the following Measure H strategies:

- Strategy B7 – Interim/Bridge Housing for those Exiting Institutions
- Strategy D7 – Provide Services and Rental Subsidies for Permanent Supportive Housing
- Strategy E6 – Countywide Outreach System
- Strategy E8 – Enhance the Emergency Shelter System

DPSS

For the two months of payroll expenditures, 26 transactions of subcontractor expenditures, and 14 non-payroll recipient expenditures selected, we confirmed **with no exceptions** that payroll expenditures, subcontractor expenditures, and non-payroll recipient expenditures were specific to the following Measure H strategies:

- Strategy B1 – Provide Subsidized Housing to Homeless Disabled Individuals Pursuing Supplemental Security Income (SSI)
- Strategy C4 – Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at risk of Homelessness

PD

For the two months of payroll expenditures and five non-payroll/subcontractor expenditures selected, we confirmed that these expenditures/expenditures were specific to the Strategy D6 – Criminal Record Clearing Project. **No exceptions were found.**

WDACS

For the two months of payroll expenditures and 40 subcontractor expenditures/expenditures selected, we confirmed that these expenditures/expenditures were specific to the Strategy C7 – Subsidize Employment for Homeless Adults. **No exceptions were found.**

LACDA

For the two months of payroll expenditures and 40 transactions of non-payroll expenditures selected, we confirmed **with no exceptions** that payroll expenditures and non-payroll expenditures were specific to the following Measure H strategies:

- Strategy B4 – Facilitate Utilization of Federal Housing Subsidies
- Strategy F7 – Preserve Current Affordable Housing and Promote the Development of Affordable Housing for Homeless Families and Individuals

LASD

For the two months of payroll expenditures selected, we confirmed that the payroll expenditures were specific to Strategy D2 – Jail In-Reach. **No exceptions were found.**

LAHSA

For the one month of payroll expenditures and 50 selected employees and 60 non-payroll/subcontractor expenditures, we confirmed **with no exceptions** that these expenditures/expenditures were specific to the following Measure H strategies:

- Strategy A1 – Homeless Prevention Programs for Families
- Strategy A5 – Homeless Prevention Programs for Individuals
- Strategy B3 – Partners with Cities to Expand Rapid Re-Housing
- 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
- Strategy E14 – Enhanced Services for Transition Age Youth

- c. Internal controls over financial reporting and compliance with provisions of laws, regulations, contracts or grant agreements.

Findings

CEO

For the two months of payroll expenditures and 25 transactions of non-payroll expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

DCFS

For the 25 transactions of subcontractor expenditures/expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

DHS

For the one month of payroll expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

For the 33 non-payroll expenditures selected for reimbursement contracts and seven non-payroll expenditures selected for fee-for-service contracts, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

DMH

For the two months of payroll expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

For the 25 non-payroll subcontractor claimed expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

DPH

For the two months of payroll expenditures, five non-payroll contractor expenditures, and 35 non-payroll recipient expenditures transaction selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

DPSS

For the two months of payroll expenditures, 26 transactions of subcontractor expenditures, and 14 non-payroll subrecipient expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H

Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

PD

For the two months of payroll expenditures and five transactions of non-payroll/subcontractor expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

WDACS

For the two months of payroll expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

For the 40 transactions of subcontractor expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

LASD

For the two months of payroll expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

LACDA

For the two months of payroll expenditures and 40 transactions of non-payroll expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

LAHSA

For the one month of 50 employee payroll expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

For the 60 non-payroll/subcontractor expenditures selected, the supporting documents showed evidence of being reviewed and properly authorized, and the expenditures tested complied with the Measure H Expenditure Plan approved by the Board of Supervisors for FY 2021-22. **No exceptions were found.**

- d. Minimum encryption standards required by the County of Los Angeles Board of Supervisors' Policy 5.200, Contractor Protection of Electronic County Information (July 2016).

Findings

We found that all 11 County Departments and outside Agencies complied with minimum encryption standards required by the County of Los Angeles Board of Supervisors' Policy 5.200, Contractor Protection of Electronic County Information (July 2016).

3. We verified that the Measure H funds are being used for the specific strategies approved by the Board.

Findings

CEO

CEO was allocated \$21,177,000 of Measure H funds to be used for the following six strategies:

Strategy		Measure H Allocation
Admin	Measure H Administration	\$ 5,011,000
A5	Homeless Prevention Program for Individuals	1,038,000
B3	Partner with Cities to Expand Rapid Re-Housing	2,612,000
E6	Countywide Outreach System	905,000
E7	Strengthen the Coordinated Entry System	8,378,000
E8	Enhance the Emergency Shelter System	3,233,000
Total		\$ 21,177,000

CEO’s Measure H expenditures in FY 2020-21 totaled \$8,422,481, of which \$4,496,269 was paid from prior year encumbrance and \$3,926,212 from the current year allocation. These amounts were specific for the allocated strategies. The expenses paid from the current year allocation are listed below. **No exceptions were found.**

Strategy		Measure H Disbursement by County	Measure H Actual Expenditures	Difference
Admin	Measure H Administration	\$ 2,514,963	\$ 2,514,963	\$ -
A5	Homeless Prevention Program for Individuals	-	-	-
B3	Partner with Cities to Expand Rapid Re-Housing	-	-	-
E6	Countywide Outreach System	-	-	-
E7	Strengthen the Coordinated Entry System	1,192,260	1,192,260	-
E8	Enhance the Emergency Shelter System	218,989	218,989	-
Total		\$ 3,926,212	\$ 3,926,212	\$ -

DCFS

DCFS was allocated \$231,000 of Measure H funds to be used for Strategy A1 – Homeless Prevention Programs for Families, \$250,000 to be used for Strategy A5 – Homeless Prevention Programs for Individuals and \$1,468,000 to be used for Strategy B6 – Family Reunification Housing Subsidy based on the Measure H Expenditure Plan approved by the Board of Supervisors in FY 2021-22.

DCFS’ Measure H expenditures in FY 2021-22 totaled \$1,865,546, which consisted of \$231,000 used for Strategy A1 – Homeless Prevention Programs for Families, \$166,546 used for Strategy A5 – Homeless Prevention Programs for Individuals and \$1,468,000 used for Strategy B6 – Family Reunification Housing Subsidy. **No exceptions were found.**

DHS

DHS was allocated \$191,462,000 of Measure H funds to be used for the following seven strategies:

Strategy		Measure H Allocation
A5	Homeless Prevention Program for Individuals	\$ 1,376,000
B7	Interim/Bridge Housing for Those Exiting Institutions	22,704,000
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	4,226,000
D2	Jail In-Reach	1,872,000
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	97,642,000
E6	Countywide Outreach System	26,471,000
E8	Enhance the Emergency Shelter System	37,171,000
Total		<u>\$ 191,462,000</u>

Under Strategy A5, DHS provides screening and a targeted intervention to single adults and youth who are currently at risk of becoming homeless and have been screened and identified as having high risk factors.

Under Strategy B7, DHS provides clients with complex health and/or behavioral health conditions who need a higher level of support services than is available in most shelter settings. Interim housing includes stabilization housing and recuperative care. Some interim housing programs provide enhanced onsite mental health services.

Under Strategy C4, DHS expands and integrates physical and mental health clinical services to support County-wide Benefits Entitlements Services Team, including technical assistance, training, case consultation, record retrieval services, care coordination and comprehensive evaluations.

Under Strategy D2, DHS expands Jail In-Reach to make it available to all homeless people incarcerated in a Los Angeles County jail.

Under Strategy D7, DHS increases existing work orders and executes new work orders with Supportive Housing Services Master Agreement vendors to provide Intensive Case Management Services.

Under Strategy E6, DHS aims at improving outreach efforts to homeless individuals and families on the streets and in encampments in Los Angeles County. DHS developed a dispatch and tracking technology infrastructure for outreach requests, expanded Service Planning Area (SPA)-level and macro coordination of outreach teams through Coordinated Entry System Outreach Coordinators, launch and implemented Multidisciplinary Outreach teams to better assist unsheltered homeless individuals through expanded multidisciplinary outreach capacity, and support and expand general outreach staffing in all SPAs to further support outreach bandwidth.

Under Strategy E8, DHS provides interim housing to serve clients with complex health and/or behavioral health conditions who need a higher level of support services than is available in most shelter settings.

DHS' Measure H expenditures in FY 2021-22 totaled \$159,191,770 and were specific for the seven strategies listed below. **No exceptions were found.**

Strategy		Measure H Expenditures
A5	Homeless Prevention Program for Individuals	\$ -
B7	Interim/Bridge Housing for Those Exiting Institutions	20,864,825
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	2,759,161
D2	Jail In-Reach	1,634,591
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	85,777,794
E6	Countywide Outreach System	25,051,463
E8	Enhance the Emergency Shelter System	23,103,936
Total		<u>\$ 159,191,770</u>

DMH

DMH was allocated \$12,345,000 of Measure H funds to be used for the following four strategies:

Strategy		Measure H Allocation
B7	Interim/Bridge Housing for Those Exiting Institutions	\$ 82,000
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	1,156,000
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	11,026,000
E8	Enhance the Emergency Shelter System	81,000
Total		<u>\$ 12,345,000</u>

Under Strategy B7, DMH serves clients with complex health and/or behavioral health conditions who need a higher level of support services than is available in most shelter settings. Interim housing includes stabilization housing and recuperative care. Some interim housing programs provide enhanced onsite mental health services.

Under Strategy C4, DMH expands and integrates physical and mental health clinical services to support Countywide Benefits Entitlements Services Team, including technical assistance, training, case consultation, record retrieval services, care coordination and comprehensive evaluations.

Under Strategy D7, DMH provides local rent subsidies to ensure that housing units are affordable to people who are homeless. All strategy D7 clients receive Intensive Case Management Services and is matched to a rental subsidy. Based on client need, clients receive specialty mental health services through the Housing Full Service Partnership Program, in addition to substance use disorder outreach and assessment and service navigation.

Under Strategy E8, DMH provides interim housing to serve clients with complex health and/or behavioral health conditions who need a higher level of support services than is available in most shelter settings.

DMH's Measure H expenditures in FY 2021-22 totaled \$5,101,734 and were specific for the strategies listed below. **No exceptions were found.**

Strategy		Measure H Expenditures
B7	Interim/Bridge Housing for Those Exiting Institutions	\$ 70,889
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	1,156,000
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	3,802,141
E8	Enhance the Emergency Shelter System	72,704
Total		<u>\$ 5,101,734</u>

DPH

DPH was allocated \$12,403,000 of Measure H funds to be used for the following four strategies:

Strategy		Measure H Allocation
B7	Interim/Bridge Housing for Those Exiting Institutions	\$ 9,415,000
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	1,564,000
E6	Countywide Outreach System	756,000
E8	Enhance the Emergency Shelter System	668,000
Total		<u>\$ 12,403,000</u>

Under Strategy B7, DPH Substance Abuse Prevention and Control Recovery Bridge Housing serves individuals who are homeless at treatment discharge and who choose abstinence-based housing for up to 90 days.

Under Strategy D7, DPH supports the increase in access to supportive housing by funding high quality tenant services and, when necessary, a local rent subsidy to ensure that housing units are affordable to people who are homeless.

Under Strategy E6, DPH develops and implements a plan to leverage current outreach efforts and creates a countywide network of multidisciplinary, integrated street-based teams to identify, engage and connect homeless individuals to interim and/or permanent housing and supportive services.

Under Strategy E8, DPH provides support to enhance the Emergency Shelter System.

DPH's Measure H expenditures in FY 2021-22 totaled \$10,140,104 and were specific for the four strategies listed below. **No exceptions were found.**

Strategy		Measure H Expenditures
B7	Interim/Bridge Housing for Those Exiting Institutions	\$ 7,777,068
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	1,390,902
E6	Countywide Outreach System	491,695
E8	Enhance the Emergency Shelter System	480,439
Total		<u>\$ 10,140,104</u>

DPSS

DPSS was allocated \$6,994,000 of Measure H funds to be used for the following two strategies:

Strategy		Measure H Allocation
B1	Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI	\$ 1,713,000
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	5,281,000
Total		<u>\$ 6,994,000</u>

Under Strategy B1, DPSS maximizes both the number of disabled homeless individuals applying for SSI who are placed in subsidized housing and the recovery of those rental subsidy costs through Interim Assistance Reimbursement for individuals approved for SSI.

Under Strategy C4, DPSS expands and integrates physical and mental health clinical services to support Countywide Benefits Entitlements Services Team, including technical assistance, training, case consultation, record retrieval services, care coordination and comprehensive evaluations.

DPSS’ Measure H expenditures in FY 2021-22 totaled \$4,736,204 and were specific for the strategies listed below. **No exceptions were found.**

Strategy		Measure H Expenditures
B1	Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI	\$ 1,713,000
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	3,023,204
Total		<u>\$ 4,736,204</u>

PD

PD was allocated \$3,067,000 of Measure H funds to be used for Strategy D6 – Criminal Record Clearing Project based on the Measure H Expenditure Plan approved by the Board of Supervisors in FY 2021-22.

Under Strategy D6, PD provides field-based service to homeless and formerly homeless adults who have criminal records by connecting them with legal services to assist with record clearing and other legal barriers to achieving stable housing and employment.

PD’s Measure H expenditures in FY 2021-22 totaled \$2,561,993 and were specific for Strategy D6 – Criminal Record Clearing Project. **No exceptions were found.**

WDACS

WDACS was allocated \$7,100,000 of Measure H funds to be used for Strategy C7 – Subsidized Employment for Homeless Adults based on the Measure H Expenditure Plan approved by the Board of Supervisors in FY 2021-22.

Under Strategy C7, WDACS provides transitional employment services to Los Angeles County residents who experience multiple barriers to employment, including those who are homeless, former offenders and/or disconnected youth (job seekers and participants). Funding for this strategy expands

existing workforce development models, such as the Los Angeles Regional Initiative Enterprise, throughout the County to provide transitional subsidized employment services to homeless individuals.

WDACS’s Measure H expenditures in FY 2021-22 totaled \$5,592,771, which \$513,080 was paid from prior year encumbrance and \$5,079,691 was paid from the current year allocation. These expenditures were specific for Strategy C7 – Subsidized Employment for Homeless Adults. **No exceptions were found.**

LASD

LASD was allocated \$465,000 of Measure H funds to be used for Strategy D2 – Jail In-Reach based on the Measure H Expenditure Plan approved by the Board of Supervisors in FY 2021-22.

Under Strategy D2, LASD expands Jail In-Reach to make it available to all homeless people incarcerated in a Los Angeles County jail.

LASD’s Measure H expenditures in FY 2021-22 totaled \$419,782 and were specific for Strategy D2 – Jail In-Reach. **No exceptions were found.**

LACDA

LACDA was allocated \$11,105,000 of Measure H funds to be used for Strategy B4 - Facilitate Utilization of Federal Housing Subsidies based on the Measure H Expenditure Plan approved by the Board of Supervisors in FY 2021-22.

Under Strategy B4, LACDA conducts the development and preservation of homeless housing in areas of the County where there is an urgent need for housing under Measure H Homeless Initiative Strategy F7 - Preserve Current Affordable Housing and Promote the Development of Affordable Housing for Homeless Families and Individuals.

LACDA’s Measure H expenditures in FY 2021-22 totaled \$5,742,933 for Strategy B4 - Facilitate Utilization of Federal Housing Subsidies. Of this amount, \$3,671,041 was coming from the allocation advances disbursed in prior year. Also, during FY 2021-2022, LACDA’s Measure H expenditures for Strategy F7 totaled \$604,041, which was coming from the unspent allocation/advances from prior-year. **No exceptions were found.**

LAHSA

LAHSA was allocated \$225,855,000 of Measure H funds to be used for the following eight strategies:

Strategy		Measure H Allocation
A1	Homeless Prevention Program for Families	\$ 12,050,000
A5	Homeless Prevention Program for Individuals	11,391,000
B3	Partner with Cities to Expand Rapid Re-Housing	80,305,000
B7	Interim/Bridge Housing for Those Exiting Institutions	5,005,000
E6	Countywide Outreach System	11,505,000
E7	Strengthen the Coordinated Entry System	18,818,000
E8	Enhance the Emergency Shelter System	65,313,000
E14	Enhanced Services for Transition Age Youth	21,468,000
Total		<u>\$ 225,855,000</u>

Under Strategy A1, funding is dedicated to shelter diversion services within Coordinated Entry System (CES) for families. This will allow CES for family providers to have specialized diversion staff and limited financial assistance to help families identify alternative housing arrangements outside the homeless system or return to a community of care outside of Los Angeles County.

Under Strategy A5, LAHSA provides screening and a targeted intervention to single adults and youth who are currently at risk of becoming homeless and have been screened and identified as having high risk factors.

Under Strategy B3, LAHSA provides time-limited intervention, including financial assistance/subsidies and supportive services so that participants will be able to successfully maintain housing without long-term assistance.

Under Strategy B7, LAHSA increases the bed rate for these shelters specifically reserved for people exiting institutions allows for a specialized level of care at the facilities. These are safe, reserved, low-barrier and supportive 24-hour interim housing beds for persons exiting institutions but who are not in need of specialized and high-level care.

Under Strategy E6, LAHSA aims at improving outreach efforts to homeless individuals and families on the streets and in encampments in Los Angeles County. LAHSA developed a dispatch and tracking technology infrastructure for outreach requests, expanded SPA-level and macro coordination of outreach teams through CES Outreach Coordinators, launch and implemented Multidisciplinary Outreach teams to better assist unsheltered homeless individuals through expanded multidisciplinary outreach capacity, and support and expand general outreach staffing in all SPAs to further support outreach bandwidth.

Under Strategy E7, with the implementation of the CES, all people in need of housing and services can be screened, triaged, and connected to resources, based upon service need and availability. LAHSA will expand regional coordination for each population system, create domestic violence liaisons, expand housing navigation, create housing location program, create training academy and provisions of technical assistance to agencies, create legal services system, and create a representative payee program.

Under Strategy E8, LAHSA increases the bed rate for LAHSA's existing shelters to allow for higher quality services in the shelters resulting in better outcomes. Adding beds to the system decreases the gap in shelter services and these safe, low-barrier and supportive 24-hour crisis housing beds are designed to facilitate permanent housing placement.

Under Strategy E14, the funding will expand and enhance the resources to house and serve transitional age youth experiencing homelessness.

The County disbursed \$154,685,111 to LAHSA in FY 2021-22, and LAHSA's Measure H expenditures in FY 2021-22 totaled \$170,512,580 and were specific for the strategies listed below. **No exceptions were found.**

Strategy		Measure H Expenditures Disbursed/Paid by County	Measure H Expenditures Incurred by LAHSA	Difference, County is Under
A1	Homeless Prevention Program for Families	\$ 7,130,502	\$ 7,286,603	\$ (156,101)
A5	Homeless Prevention Program for Individuals	7,426,420	7,964,682	(538,262)
B3	Partner with Cities to Expand Rapid Re-Housing	46,026,924	47,802,407	(1,775,483)
B7	Interim/Bridge Housing for Those Exiting Institutions	3,853,253	4,447,841	(594,588)
E6	Countywide Outreach System	9,423,209	10,059,259	(636,050)
E7	Strengthen the Coordinated Entry System	14,991,582	16,745,247	(1,753,665)
E8	Enhance the Emergency Shelter System	49,730,163	58,097,038	(8,366,875)
E14	Enhanced Services for Transition Age Youth	16,103,058	18,109,503	(2,006,445)
Total		\$ 154,685,111	\$ 170,512,580	\$ (15,827,469)

The \$15,827,469 difference represents fourth quarter subcontractor expenditures, which were submitted late and were not included in the County's FY 2021-22 actual expenditures. These expenditures will be reported by the County as FY 2022-23 Measure H expenditures.

- We verified that the service levels/strategies reported for each Department and Agency are accurate and that the funds were used for the specific purpose of each strategy.

Findings

CEO

Based on our procedures performed for the two months of payroll/administrative expenditures and 25 transactions of non-payroll/program expenditures selected, the service levels reported by CEO were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

DCFS

Based on our procedures performed for the 25 transactions of non-payroll/subcontractor expenditures selected, the service levels reported by DCFS were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

DHS

For the one month of payroll expenditures, 33 non-payroll reimbursement contract expenditures, and seven non-payroll fee-for-service expenditures selected, the service levels reported by DHS were accurate and the funds were used for the specific purpose of the Measure H strategies. **No exceptions were found.**

DMH

Based on our procedures performed for the two months of payroll expenditures and 25 subcontractor expenditures selected, the service levels reported by DMH were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

DPH

For the two months of payroll expenditures, five non-payroll contractor expenditures, and 35 non-payroll recipient expenditures selected, the service levels reported by DPH were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

DPSS

For the two months of payroll expenditures, 26 transactions of subcontractor's cost, and 14 non-payroll subrecipient expenditures selected, the service levels reported by DPSS were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

PD

For the two months of payroll expenditures and five transactions of non-payroll/subcontractor expenditures selected, the service levels reported by PD were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

WDACS

For the two months of payroll expenditures and 40 transactions of subcontractor expenditures selected, the service levels reported by WDACS were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

LASD

For the two months of payroll expenditures selected, the service levels reported by LASD were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

LACDA

Based on our procedures performed for the two months of payroll expenditures and 40 transactions of non-payroll expenditures selected, the service levels reported by LACDA were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions were found.**

LAHSA

For the one month of payroll expenditures and 60 non-payroll/subcontractor expenditures selected, the service levels reported by LAHSA were accurate and the funds were used for the specific purpose of the Measure H strategies. **No exceptions were found.**

We were engaged by the County of Los Angeles to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the twelve County Departments' and outside agencies' compliance with the Measure H, Ordinance 2017-001, Chapter 4.73 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness for the year ended June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County of Los Angeles, County Departments and outside Agencies and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the County of Los Angeles and the eleven County Departments and outside agencies: CEO, DCFS, DHS, DMH, DPH, DPSS, PD, WDACS, LASD, LACDA, and LAHSA and is not intended to be, and should not be used by anyone other than these specified parties.

BCA Watson Rice, LLP

Torrance, CA
December 12, 2022