



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

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**MAJIDA ADNAN**  
**ROBERT G. CAMPBELL**

December 27, 2023

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

FROM: Oscar Valdez  
Auditor-Controller

SUBJECT: **AUDIT OF THE HOMELESS AND HOUSING MEASURE H SPECIAL REVENUE  
FUND FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. 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. The auditor did identify two areas where deficiencies in internal controls existed. The attached report dated December 11, 2023, describes these deficiencies and the recommended corrective action. The County's responses to these recommendations are also included in the report.

We also engaged BCA to complete an Agreed-Upon Procedures review to ensure that Measure H funding was being used as intended by the voter-approved Measure. The auditor's report (Attachment II) is also attached.

If you have any questions please call me, or your staff may contact Terri Kasman at [tkasman@auditor.lacounty.gov](mailto:tkasman@auditor.lacounty.gov).

OV:CY:RGC:TK:JH:la

Attachments

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

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*“To Enrich Lives Through Effective and Caring Service”*

# Attachment I

# COUNTY OF LOS ANGELES

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Independent Auditor's Report  
On Schedule of Revenues and Expenditures and  
Changes in Fund Balance  
For  
Homeless and Housing Measure H  
Special Revenue Fund

For the Fiscal Year Ended June 30, 2023



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**County of Los Angeles**  
Homeless and Housing Measure H Special Revenue Fund  
For the Fiscal Year Ended June 30, 2023

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## **Independent Auditor's Report**

Ms. Fesia A. Davenport  
Chief Executive Officer  
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, 2023, 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, 2023, 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, 2023, 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.

### ***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 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 judgment 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 judgment 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.

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 11, 2023

**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, 2023**

<b>Revenues:</b>		
Voter Approved Special Taxes		\$ 527,637,221
Interest Losses		(707,886)
<b>Total Revenues</b>		526,929,335

<b>Expenditures</b>	<i>Strategy by Department/ Agency:</i>	<i>Total by Strategy</i>	<i>Total by Objective</i>
<b>A: Prevent Homelessness</b>			
A1: Homeless Prevention Program for Families			
Los Angeles Homeless Services Authority	\$ 4,838,090		
Department of Children and Family Services	489,274		
Total A1: Homeless Prevention Program for Families		\$ 5,327,364	
A5: Homeless Prevention Program for Individuals			
Los Angeles Homeless Services Authority	8,017,083		
Department of Children and Family Services	237,027		
Total A5: Homeless Prevention Program for Individuals		8,254,110	
<b>Total A: Prevent Homelessness</b>			\$ 13,581,474
<b>B: Subsidize Housing</b>			
B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing Supplemental Security Income (SSI)			
Department of Public Social Services	3,620,000		
Total B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI		3,620,000	
B3: Partner with Cities to Expand Rapid Re-Housing			
Los Angeles Homeless Services Authority	50,827,537		
Total B3: Partner with Cities to Expand Rapid Re-Housing		50,827,537	
B4: Facilitate Utilization of Federal Housing Subsidies			
Los Angeles County Development Authority	10,449,911		
Total B4: Facilitate Utilization of Federal Housing Subsidies		10,449,911	
B7: Interim/ Bridge Housing for Those Exiting Institutions			
Department of Health Services	22,457,418		
Department of Public Health	10,207,228		
Department of Mental Health	72,418		
Los Angeles Homeless Services Authority	4,654,017		
Total B7: Interim/ Bridge Housing for Those Exiting Institutions		37,391,081	
<b>Total B: Subsidize Housing</b>			102,288,529

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, 2023**

	<i>Strategy by Department/ Agency:</i>	<i>Total by Strategy</i>	<i>Total by Objective</i>
<b>Expenditures</b>			
<b>C: Increase Income</b>			
C4: Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness			
Department of Mental Health	\$ 781,788		
Department of Public Social Services	4,048,329		
Total C4: Establish a Countywide SSI Advocacy Program		\$ 4,830,117	
C7: Subsidized Employment for Homeless Adults			
Department of Economic Opportunity	5,689,130		
Department of Economic Opportunity - paid with Fiscal Year 2022 encumbrance			
	862,397		
Total C7: Subsidized Employment for Homeless Adults		6,551,527	
<b>Total C: Increase Income</b>			\$ 11,381,644
<b>D: Provide Case Management and Services</b>			
D2: Jail In-Reach			
Department of Health Services	1,768,912		
Sheriff's Department	474,674		
Total D2: Jail In-Reach		2,243,586	
D6: Criminal Record Clearing Project			
Department of Public Defender	2,464,272		
Total D6: Criminal Record Clearing Project		2,464,272	
D7: Provide Services and Rental Subsidies for Permanent Supportive Housing			
Department of Health Services	80,577,876		
Department of Mental Health	4,613,699		
Department of Public Health	1,878,167		
Total D7: Provide Services and Rental Subsidies for Permanent Supportive Housing		87,069,742	
<b>Total D: Provide Case Management and Services</b>			91,777,600
<b>E: Create a Coordinated System</b>			
E6: Countywide Outreach System			
Department of Health Services	17,215,372		
Department of Public Health	2,056,000		
Los Angeles Homeless Services Authority	10,760,184		
Chief Executive Office	945		
Total E6: Countywide Outreach System		30,032,501	

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, 2023**

	<i>Strategy by Department/ Agency:</i>	<i>Total by Strategy</i>	<i>Total by Objective</i>
<b>Expenditures</b>			
E7: Strengthen the Coordinated Entry System			
Los Angeles Homeless Services Authority	\$ 17,864,010		
Chief Executive Office	4,015,292		
Chief Executive Office - payable	41,108		
Chief Executive Office - paid with FY2020 encumbrance	1,877,449		
Chief Executive Office - paid with FY2022 encumbrance	3,594,516		
Chief Executive Office - paid with FY2023 encumbrance	27,651		
Sub-total	9,556,016		
Total E7: Strengthen the Coordinated Entry System		\$ 27,420,026	
E8: Enhance the Emergency Shelter System			
Department of Health Services	\$ 31,898,558		
Los Angeles Homeless Services Authority	61,580,055		
Department of Mental Health	79,310		
Department of Public Health	509,775		
Chief Executive Office	128,200		
Total E8: Enhance the Emergency Shelter System		94,195,898	
E14: Enhanced Services for Transition Age Youth			
Los Angeles Homeless Services Authority	\$ 13,898,638		
Total E14: Enhanced Services for Transition Age Youth		13,898,638	
<b>Total E: Create a Coordinated System</b>			\$ 165,547,063
<b>Administrative:</b>			
Homeless Initiative Administration		5,070,730	
<b>Total Administrative</b>			5,070,730
<b>Grand Total Expenditures</b>			389,647,040
<b>Revenue Over Expenditures</b>			137,282,295
<b>Net change in Fund Balance</b>			137,282,295
<b>Fund Balance, July 1, 2022</b>			302,212,200
<b>Fund Balance, June 30, 2023</b>			\$ 439,494,495

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, 2023

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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 30<sup>th</sup> of each fiscal year. The fiscal year (FY) 2022-2023 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), Department of Economic Opportunity (DEO, formerly under the Workforce Development, Aging and Community Services), 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, 2023

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**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, 2023

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**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, 2023, the Homeless and Housing Measure H Special Revenue Fund had investment losses of \$707,886 due to unfavorable market conditions during fiscal year 2022-23.

**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, 2023 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, 2023, the County recorded \$172,439,614 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 \$189,718,348 for the fiscal year ended June 30, 2023. The \$17,278,734 difference represents LAHSA's late 4<sup>th</sup> quarter claims/billings not reimbursed in FY 2022-23 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, 2023

**3. Los Angeles Homeless Services Authority (Continued)**

Strategy	Measure H Expenditures Disbursed/Paid by County	Measure H Expenditures Incurred by LAHSA	Difference Over/(Under) Paid by County
A1 Homeless Prevention Program for Families	\$ 4,838,090	\$ 5,817,189	\$ (979,099)
A5 Homeless Prevention Program for Individuals	8,017,083	10,514,919	(2,497,836)
B3 Partner with Cities to Expand Rapid Re-Housing	50,827,537	47,654,470	3,173,067
B7 Interim/Bridge Housing for Those Exiting Institutions	4,654,017	5,481,633	(827,616)
E6 Countywide Outreach System	10,760,184	11,260,212	(500,028)
E7 Strengthen the Coordinated Entry System	17,864,010	21,189,238	(3,325,228)
E8 Enhance the Emergency Shelter System	61,580,055	72,005,818	(10,425,763)
E14 Enhanced Services for Transition Age Youth	13,898,638	15,794,869	(1,896,231)
Total	<u>\$ 172,439,614</u>	<u>\$ 189,718,348</u>	<u>\$ (17,278,734)</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, 2023, were as follows:

Strategy	Measure H Actual Expenditures
<b>Chief Executive Office</b>	
E6 Countywide Outreach System	\$ 945
E7 Strengthen the Coordinated Entry System	9,556,016
E8 Enhance the Emergency Shelter System	128,200
Admin Homeless Initiative Administration	5,070,730
<b>Total</b>	<u><b>14,755,891</b></u>
<b>Department of Child and Family Services</b>	
A1 Homeless Prevention Program for Families	489,274
A5 Homeless Prevention Program for Individuals	237,027
<b>Total</b>	<u><b>726,301</b></u>
<b>Department of Economic Opportunity</b>	
C7 Subsidized Employment for Homeless Adults	6,551,527
<b>Total</b>	<u><b>6,551,527</b></u>
<b>Department of Health Services</b>	
B7 Interim/Bridge Housing for Those Exiting Institutions	22,457,418
D2 Jail In-Reach	1,768,912
D7 Provide Services and Rental Subsidies for Permanent Supporting Housing	80,577,876
E6 Countywide Outreach System	17,215,372
E8 Enhance the Emergency Shelter System	31,898,558
<b>Total</b>	<u><b>153,918,136</b></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, 2023

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

Strategy	Measure H Actual Expenditures
<b>Department of Mental Health</b>	
B7 Interim/Bridge Housing for Those Exiting Institutions	\$ 72,418
C4 Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	781,788
D7 Provide Services and Rental Subsidies for Permanent Supporting Housing	4,613,699
E8 Enhance the Emergency Shelter System	79,310
<b>Total</b>	<b>5,547,215</b>
<b>Department of Public Health</b>	
B7 Interim/Bridge Housing for Those Exiting Institutions	10,207,228
D7 Provide Services and Rental Subsidies for Permanent Supportive Housing	1,878,167
E6 Countywide Outreach System	2,056,000
E8 Enhance the Emergency Shelter System	509,775
<b>Total</b>	<b>14,651,170</b>
<b>Department of Public Social Services</b>	
B1 Provide Subsidized Housing to Homeless Disabled Individuals Pursuing Supplemental Security Income (SSI)	3,620,000
C4 Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	4,048,329
<b>Total</b>	<b>7,668,329</b>
<b>Sheriff's Department</b>	
D2 Jail In-Reach	474,674
<b>Total</b>	<b>474,674</b>
<b>Los Angeles County Development Authority</b>	
B4 Facilities Utilization of Federal Housing Subsidies	10,449,911
<b>Total</b>	<b>10,449,911</b>
<b>Los Angeles Homeless Services Authority</b>	
A1 Homeless Prevention Program for Families	4,838,090
A5 Homeless Prevention Program for Individuals	8,017,083
B3 Partner with Cities to Expand Rapid Re-Housing	50,827,537
B7 Interim/Bridge Housing for Those Exiting Institutions	4,654,017
E6 Countywide Outreach System	10,760,184
E7 Strengthen the Coordinated Entry System	17,864,010
E8 Enhance the Emergency Shelter System	61,580,055
E14 Enhanced Services for Transition Age Youth	13,898,638
<b>Total</b>	<b>172,439,614</b>
<b>Public Defender</b>	
D6 Criminal Record Clearing Project	2,464,272
<b>Total</b>	<b>2,464,272</b>
<b>Grand Total Measure H Expenditures in FY 2022-23</b>	<b>\$ 389,647,040</b>

**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, 2023

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**5. Subsequent Events**

On September 28, 2023, a federal court approved Los Angeles County's settlement with Plaintiff LA Alliance for Human Rights and six individual plaintiffs that committed additional resources for people experiencing homelessness. The settlement commits the County to \$1.24 billion worth of resources and services over the next four years and includes 3,000 mental health and substance use disorder beds, 450 new subsidies for enriched residential care for adult residential facilities, and residential care facilities for the elderly beds (also known as board and care beds) serving the most vulnerable, an increase from 27.5 to 44 the number of specialized outreached teams in the City of Los Angeles, and provide a comprehensive suite of supportive services to the more than 13,000 permanent supportive housing and interim housing beds financed by the City of Los Angeles as part of the City's settlement with the plaintiffs. A federal monitor will assist the court in overseeing the County's settlement. On September 29, 2023, the court dismissed the plaintiffs' claims against the County. The settlement agreement is effective September 29, 2023, the date of the dismissal Order, and terminates on June 30, 2027.

In preparing the Schedule, the County has evaluated events and transactions for potential recognition or disclosure through December 11, 2023, 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, 2023**

	Budget	Actual	Variance
<b>Revenues:</b>			
Voter Approved Special Taxes	\$ 491,502,000	\$ 527,637,221	\$ 36,135,221
Interest Earnings		9,595,114	9,595,114
<b>Total Revenues</b>	<u>491,502,000</u>	<u>537,232,335</u>	<u>45,730,335</u>
<b>Expenditures</b>			
<b>A: Prevent Homelessness</b>			
A1: Homeless Prevention Program for Families			
Los Angeles Homeless Services Authority	7,966,110	4,838,090	3,128,020
Department of Children and Family Services	500,000	489,274	10,726
Total A1: Homeless Prevention Program for Families	<u>8,466,110</u>	<u>5,327,364</u>	<u>3,138,746</u>
A5: Homeless Prevention Program for Individuals			
Los Angeles Homeless Services Authority	11,226,693	8,017,083	3,209,610
Department of Children and Family Services	300,000	237,027	62,973
Department of Health Services	-	-	-
Chief Executive Office	760,350	-	760,350
Total A5: Homeless Prevention Program for Individuals	<u>12,287,043</u>	<u>8,254,110</u>	<u>4,032,933</u>
<b>Total A: Prevent Homelessness</b>	<u>20,753,153</u>	<u>13,581,474</u>	<u>7,171,679</u>
<b>B: Subsidize Housing</b>			
B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing Supplemental Security Income (SSI)			
Department of Public Social Services	3,620,000	3,620,000	-
Total B1: Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI	<u>3,620,000</u>	<u>3,620,000</u>	<u>-</u>
B3: Partner with Cities to Expand Rapid Re-Housing			
Los Angeles Homeless Services Authority	70,781,882	50,827,537	19,954,345
Chief Executive Office	1,724,000	-	1,724,000
Total B3: Partner with Cities to Expand Rapid Re-Housing	<u>72,505,882</u>	<u>50,827,537</u>	<u>21,678,345</u>
B4: Facilitate Utilization of Federal Housing Subsidies			
Los Angeles County Development Authority	15,268,000	10,449,911	4,818,089
Total B4: Facilitate Utilization of Federal Housing Subsidies	<u>15,268,000</u>	<u>10,449,911</u>	<u>4,818,089</u>
B7: Interim/ Bridge Housing for Those Exiting Institutions			
Department of Health Services	22,531,000	22,457,418	73,582
Department of Public Health	10,394,000	10,207,228	186,772
Los Angeles Homeless Services Authority	5,192,402	4,654,017	538,385
Department of Mental Health	83,000	72,418	10,582
Total B7: Interim/ Bridge Housing for Those Exiting Institutions	<u>38,200,402</u>	<u>37,391,081</u>	<u>809,321</u>
<b>Total B: Subsidize Housing</b>	<u>129,594,284</u>	<u>102,288,529</u>	<u>27,305,755</u>
<b>C: Increase Income</b>			
C4: Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness			
Department of Health Services	1,050,000	-	1,050,000
Department of Mental Health	1,993,000	781,788	1,211,212
Department of Public Social Services	5,001,000	4,048,329	952,671
Total C4: Establish a Countywide SSI Advocacy Program	<u>8,044,000</u>	<u>4,830,117</u>	<u>3,213,883</u>
C7: Subsidized Employment for Homeless Adults			
Department of Economic Opportunity	7,100,000	6,551,527	548,473
Total C7: Subsidized Employment for Homeless Adults	<u>7,100,000</u>	<u>6,551,527</u>	<u>548,473</u>
<b>Total C: Increase Income</b>	<u>15,144,000</u>	<u>11,381,644</u>	<u>3,762,356</u>

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, 2023**

	Budget	Actual	Variance
<b>D: Provide Case Management and Services</b>			
D2: Jail In-Reach			
Department of Health Services	2,091,000	1,768,912	322,088
Sheriff's Department	494,000	474,674	19,326
Total D2: Jail In-Reach	<u>2,585,000</u>	<u>2,243,586</u>	<u>341,414</u>
D6: Criminal Record Clearing Project			
Department of Public Defender	3,098,000	2,464,272	633,728
Total D6: Criminal Record Clearing Project	<u>3,098,000</u>	<u>2,464,272</u>	<u>633,728</u>
D7: Provide Services and Rental Subsidies for Permanent Supportive Housing			
Department of Health Services	98,281,000	80,577,876	17,703,124
Department of Mental Health	13,113,500	4,613,699	8,499,801
Department of Public Health	2,224,000	1,878,167	345,833
Total D7: Provide Services and Rental Subsidies for Permanent Supportive Housing	<u>113,618,500</u>	<u>87,069,742</u>	<u>26,548,758</u>
<b>Total D: Provide Case Management and Services</b>	<u>119,301,500</u>	<u>91,777,600</u>	<u>27,523,900</u>
<b>E: Create a Coordinated System</b>			
E6: Countywide Outreach System			
Department of Health Services	23,476,000	17,215,372	6,260,628
Los Angeles Homeless Services Authority	13,231,055	10,760,184	2,470,871
Department of Mental Health	1,276,000	-	1,276,000
Department of Public Health	2,156,000	2,056,000	100,000
Chief Executive Office	1,829,944	945	1,828,999
Department of Public Works	110,000	-	110,000
Sheriff's Department	60,000	-	60,000
Total E6: Countywide Outreach System	<u>42,138,999</u>	<u>30,032,501</u>	<u>12,106,498</u>
E7: Strengthen the Coordinated Entry System			
Los Angeles Homeless Services Authority	23,299,104	17,864,010	5,435,094
Chief Executive Office	26,356,853	9,556,016	16,800,837
Total E7: Strengthen the Coordinated Entry System	<u>49,655,957</u>	<u>27,420,026</u>	<u>22,235,931</u>
E8: Enhance the Emergency Shelter System			
Department of Health Services	49,974,000	31,898,558	18,075,442
Los Angeles Homeless Services Authority	76,072,316	61,580,055	14,492,261
Department of Mental Health	88,500	79,310	9,190
Department of Public Health	668,000	509,775	158,225
Chief Executive Office	2,931,000	128,200	2,802,800
Total E8: Enhance the Emergency Shelter System	<u>129,733,816</u>	<u>94,195,898</u>	<u>35,537,918</u>
E14: Enhanced Services for Transition Age Youth			
Los Angeles Homeless Services Authority	19,842,035	13,898,638	5,943,397
Total E14: Enhanced Services for Transition Age Youth	<u>19,842,035</u>	<u>13,898,638</u>	<u>5,943,397</u>
<b>Total E: Create a Coordinated System</b>	<u>241,370,807</u>	<u>165,547,063</u>	<u>75,823,744</u>
<b>Administrative:</b>			
Homeless Initiative Administration	6,789,000	5,070,730	1,718,270
<b>Total Administrative:</b>	<u>6,789,000</u>	<u>5,070,730</u>	<u>1,718,270</u>
<b>Contingency:</b>			
Appropriated for Contingency	150,457,256	-	-
	<u>150,457,256</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>683,410,000</u>	<u>389,647,040</u>	<u>143,305,704</u>
<b>Excess of Expenditures Over Revenues</b>	(191,908,000)	147,585,295	(97,575,369)
<b>Less: Contractual Obligations/Changes in fund balance</b>			
Commitments Outstanding as of fiscal year end	-	114,110,000	114,110,000
Changes in fund balance	-	(117,915,861)	(117,915,861)
Total Net Change in Contractual obligations	<u>-</u>	<u>(3,805,861)</u>	<u>(3,805,861)</u>
<b>Net change in Fund Balance</b>	(191,908,000)	143,779,434	(335,687,434)
<b>Fund Balance, July 1, 2022</b>	191,908,000	191,908,000	-
<b>Fund Balance, June 30, 2023</b>	<u>\$ -</u>	<u>\$ 335,687,434</u>	<u>\$ (335,687,434)</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, 2023

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**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, 2023:

Fund Balance - budgetary basis	\$	335,687,000
Encumbrances and other reserves		114,110,000
Subtotal		449,797,000
Adjustments:		
Change in revenue accruals		(10,303,000)
Fund Balance - US GAAP basis	\$	439,494,000

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



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**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. Fesia A. Davenport  
Chief Executive Officer  
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, 2023, and the related notes to the Schedule, which collectively comprised the County’s Schedule, and have issued our report thereon dated December 11, 2023.

***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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of current year audit findings and recommendations as items 2023-01 and 2023-02.

## **County of Los Angeles' Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the County of Los Angeles' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Los Angeles' responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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.

Handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, slightly slanted style.

Torrance, California  
December 11, 2023



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**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. Fesia A. Davenport  
Chief Executive Officer  
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 *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, 2023.

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, 2023.

***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 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 the 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 judgment 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 judgment 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 the County's compliance with the compliance requirements referred to above and performing other procedures as necessary in the circumstances.
- Obtain an understanding of the 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.

### ***Other Matters***

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and recommendations as items 2023-01 and 2023-02. Our opinion is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the County of Los Angeles' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Los Angeles' responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## 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 weaknesses 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 the 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 Measure H revenues and expenditures. Accordingly, this report is not suitable for any other purpose.

BCA Watson Rice, LLP

Torrance, California  
December 11, 2023

**County of Los Angeles**  
Homeless and Housing Measure H Special Revenue Fund  
Current Year Audit Findings  
For the Fiscal Year Ended June 30, 2023

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**Finding FY 2023-01**

Community Career Development, a subcontractor with the Department of Economic Opportunity (DEO), was unable to provide supporting documentation for any of its claimed Measure H expenditures totaling \$78,789.

**Criteria**

Measure H, Ordinance 2017-001, Chapter 4.73.030 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness, provides that the revenues generated by the retail transactions and use tax will be expended by the County pursuant to an expenditure plan approved by the Board of Supervisors prior to June 30th of each year.

**Condition**

The subcontractor, Community Career Development (CCD), engaged by the DEO for the Subsidized Employment for Homeless Adults – a strategy/expenditure plan approved by the County Board of Supervisor, failed to produce supporting documentation for two selected expenditure transactions amounting to \$17,979. Additionally, upon further inquiry, the DEO disclosed that CCD was unable to provide documentation for all claimed expenditures totaling \$78,789 for the fiscal year 2022-2023. Consequently, the DEO took the necessary action to terminate its subcontracting agreement with CCD, effective June 30, 2023.

**Cause**

The subcontractor (CCD) lacked adequate internal controls to maintain supporting documentation of claimed Measure H expenditures. The subsequent termination of the subcontracting agreement by the DEO resulted in CCD becoming uncooperative and unresponsive to DEO's requests for the required supporting documentation, thereby further hindering the expenditure verification process.

**Effect**

We are unable to substantiate the validity of the \$78,789 reimbursed to CCD for the fiscal year ended June 30, 2023, as authorized Measure H expenditures.

**Questioned Costs**

\$78,789 of subcontractor claimed costs pertaining to the DEO's Subsidized Employment for Homeless Adults strategy.

**Recommendation**

We recommend that DEO seek reimbursement from CCD for the \$78,789 of unsupported costs. Furthermore, DEO should improve its oversight measures to ensure that all reimbursement claims from subcontractors are accompanied by valid and authorized supporting documentation before approval and disbursement of Measure H funds.

**Views of the Responsible Officials**

The Department of Economic Opportunity agrees with BCA Watson Rice's Finding.

**Planned Corrective Action**

DEO's agreement with subrecipient Community Career Development (CCD) Inc., lapsed June 30, 2023, and was not renewed. On October 19, 2023, DEO placed CCD in the County's Contractor Alert Reporting Database (CARD), which notifies all Los Angeles County departments of poorly performing contractors.

**County of Los Angeles**  
Homeless and Housing Measure H Special Revenue Fund  
Current Year Audit Findings  
For the Fiscal Year Ended June 30, 2023

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**Planned Corrective Action (continued)**

DEO will strengthen the procedures to ensure that all reimbursement claims are accompanied by valid and authorized supporting documentation before issuance of any funds, including Measure H.

**Person in-charge:**

Administrative Deputy, Department of Economic Development

**Date to implement:**

Implementation target date: June 28, 2024

**County of Los Angeles**  
Homeless and Housing Measure H Special Revenue Fund  
Current Year Audit Findings  
For the Fiscal Year Ended June 30, 2023

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**Finding FY 2023-02**

St. Anne’s Maternity Home, a subcontractor for the Los Angeles Homeless Service Authority (LAHSA) erroneously recorded \$9,350 of a non-Measure H expenditure as a Measure H claimed expenditure.

**Criteria**

Measure H, Ordinance 2017-001, Chapter 4.73.030 to the Los Angeles County Code – Transaction and Use Tax to Prevent and Combat Homelessness, provides that the revenues generated by the retail transactions and use tax will be expended by the County pursuant to an expenditure plan approved by the Board of Supervisors prior to June 30th of each year.

**Condition**

In our expenditure testing, we selected a transaction from LAHSA's subcontractor, St. Anne’s Maternity Home, from the May-June 2023 general ledger totaling \$9,350. Upon reviewing the supporting documentation for this transaction before submission to the auditors, St. Anne’s Maternity Home discovered that the selected transaction was not a Measure H related expenditure, but it was erroneously charged to the Measure H Enhanced Services for Transition Age Youth strategy.

**Cause**

The subcontractor’s lack of management oversight and review resulted in the miscoding of this transaction going undetected.

**Effect**

The reported LAHSA’s expenditures for the Enhanced Services for Transition Age Youth strategy for the fiscal year ended June 30, 2023 were overreported by \$9,350.

**Questioned Costs**

\$9,350

**Recommendation**

We recommend that LAHSA seek reimbursement from the subcontractor for the erroneously claimed expenditures of \$9,350. Moving forward, LAHSA should improve its subcontractor monitoring to ensure that expenditures claimed from subcontractors are accurately supported and are valid Measure H strategies expenditures.

**Views of the Responsible Officials**

LAHSA agrees with the finding and recommendation as noted in the report. Once identified, expenditures that resulted in the overpayment. LAHSA has since confirmed receipt of the reimbursed check for the total amount of \$43,865.99. The check includes the \$9,350.00 amount identified by Measure H, plus an additional \$34,515.99 in miscoded spending not related to Measure H funds that the agency discovered as part of this audit outside of the sample selection.

**Planned Corrective Action**

To reduce this from recurring, LAHSA has revisited our current protocols to ensure expenditure claims by service providers accurately support and validate Measure H pillar expenditures. In addition, LAHSA will deduct the \$9,350 from the next expenditures claim/invoice to the County

**Person in-charge:**

Accounting Department

**County of Los Angeles**  
Homeless and Housing Measure H Special Revenue Fund  
Current Year Audit Findings  
For the Fiscal Year Ended June 30, 2023

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**Date to implement:**

No later than December 15, 2023.

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

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There were no prior year audit findings.

# Attachment II



# **COUNTY OF LOS ANGELES**

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## **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, 2023



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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ms. Fesia A. Davenport  
Chief Executive Officer  
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, 2023. 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), Department of Economic Opportunity (DEO) (formerly under the Workforce Development, Aging and Community Services) 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, 2023. 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, 2023 consist of payroll expenditures (39.76%) and non-payroll expenditures (60.24%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of November 2022 and May 2023 and performed detailed testing of all employees charged to the program, which represented 19.23% of total payroll expenditures. In addition, we selected 25 transactions for non-payroll/program expenditures, which represented 49.11% of total non-payroll expenditures. **No exceptions noted.**

### **DCFS**

DCFS' Measure H expenditures for the year ended June 30, 2023 consist of DCFS subcontractor expenditures (100%). Based on the AICPA Sampling Guidelines, we selected a sample size of 22 subcontractor transactions for non-payroll/program expenditures, equivalent to 31.80% of the total subcontractor expenditures. **No exceptions noted.**

### **DEO**

DEO Measure H expenditures for the year ended June 30, 2023 consist of payroll expenditures (11.34%) and subcontractor expenditures (88.66%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of August 2022 and November 2022 and performed detailed testing of all employees who charged payroll to the program, which represented 8.35% of total payroll expenditures. In addition, we randomly selected 40 subcontractor expense reports for non-payroll/program expenditures, equivalent to 32.43% of the total subcontractor expenditures. From these expense reports, we selected 40 individual transactions to verify the adequacy of back-up supporting documents, which represented 27.11% of the total subcontractor expenses.

Based on our testing of the subcontractor expenses, we identified two transactions for one subcontractor (Community Career Development) who were unable to provide back-up supporting documents for the expenditures claimed. In addition, DEO informed us that Community Career Development is unable to provide back-up supporting documents for all expenditures claimed in FY 2022-23. As a result, we are disallowing the total \$78,789 expenditure claims made by this subcontractor in FY 2022-23. **Exception noted.**

### **DHS**

DHS' Measure H expenditures for the year ended June 30, 2023 consist of payroll expenditures (8.52%) and non-payroll expenditures (91.48%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for each strategy and performed detailed testing of all employees charged to the program, which represented 9.26% of total payroll expenditures. In addition, we selected 22 expenditure reports for non-payroll cost reimbursement contract expenditures and 18 fee-for-service invoice contract expenditures representing 7.64% and 36.29% of the total non-payroll expenditures, respectively. From each expenditure report, we selected one transaction (22 for cost reimbursements and 18 for fee-for-service) to verify the adequacy of supporting backup documentation. **No exceptions noted.**

### **DMH**

DMH's Measure H expenditures for the year ended June 30, 2023 consist of payroll expenditures (42.46%) and non-payroll subcontractor expenditures (57.54%). 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 2022 and April 2023 and performed detailed testing of 18 unique employees who charged their payroll expenditures to the program, which represented 16.53% of total payroll expenditures. In addition, we reviewed 20 non-payroll subcontractor claimed expenditures, which represented 92.78% of total subcontractor expenditures. **No exceptions noted.**

### **DPH**

DPH's Measure H expenditures for the year ended June 30, 2023 consist of payroll expenditures (20.38%) and non-payroll expenditures (79.62%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for each strategy and performed detailed testing of all employees charged to the program during these two months, which represented 11.71% of total payroll expenditures. In addition, we selected four transactions for non-payroll contractor expenditures, which represented 8.04% of total non-payroll contractor expenditures, and 21 non-payroll

recipient expenditures, randomly selected from the months of July 2022 through June 2023, which represented 9.69% of total non-payroll recipient expenditures. The non-payroll recipient expenditures consist of payments for health services provided for various clients. **No exceptions noted.**

#### **DPSS**

DPSS' Measure H expenditures for the year ended June 30, 2023 consist of payroll expenditures (12.30%) and subcontractor expenditures (87.70%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of December 2022 and February 2023 and performed detailed testing of all employees who charged payroll expenditures to the program during these two months, which represents 17.04% of total payroll expenditures. In addition, we randomly selected 12 subcontractor expense reports for non-payroll/program expenditures, equivalent to 28.29% of the total subcontractor expenditures. From these expense reports, we selected 12 individual transactions to verify the adequacy of back-up supporting documents, which represented 9.33% of the total subcontractor expenses. 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. We also selected 13 non-payroll recipient expenditures, randomly selected from the months of December 2022 and February 2023, which represented 0.15% of total non-payroll recipient expenditures. From each subcontractor claim/invoice, we selected one transaction to verify the adequacy of supporting backup documentation. The non-payroll recipient expenditures consist of payments for rental subsidies and move-in costs provided for various clients. **No exceptions noted.**

#### **PD**

PD's Measure H expenditures for the year ended June 30, 2023 consist of payroll expenditures (65.38%) and non-payroll subcontractor expenditures (34.62%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the months of September 2022 and April 2023 and performed detailed testing of all employees who charged payroll to the program during these two months, which represented 16.51% of total payroll expenditures. In addition, we randomly selected eight non-payroll/subcontractor transactions/expenditures, which represented 46.19% of the total non-payroll/subcontractor expenditures. **No exceptions noted.**

#### **LACDA**

LACDA's expenditures for the year ended June 30, 2023 consist of payroll expenditures (6.63%) and non-payroll expenditures (93.37%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months for payroll expenditures for the month of November 2022 and May 2023 and performed detailed testing of all employees charged to the program. In addition, we selected 40 transactions for non-payroll expenditures, which represented 24.% of total non-payroll expenditures. **No exceptions noted.**

#### **LASD**

LASD's Measure H expenditures for the year ended June 30, 2023 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 August 2022 and May 2023 and performed detailed testing of all employees charged to the program, which represented 17.51% of total payroll expenditures. **No exceptions noted.**

#### **LAHSA**

LAHSA's Measure H expenditures for the year ended June 30, 2023 consist of payroll expenditures (13.48%) and non-payroll/subcontractor expenditures (86.52%). Based on the AICPA Sampling Guidelines, we selected a sample size of two months of payroll expenditures for each strategy and performed detailed testing on a total of 60 randomly selected employees. In addition, we selected 60

expenditure reports for non-payroll/subcontractor expenditures, which represented 14.86% 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 the budget of the specific strategies.

Based on our testing of the 60 individual transactions of subcontractor expenses, we identified one subcontractor (St. Anne's Maternity Home) that inadvertently claimed ineligible Measure H expenditures in the May-June 2023 expenditure claim to LAHSA due to a miscoding error in the general ledger/invoice. As a result, we identified unallowable Measure H expenditures totaling \$9,350 in FY 2022-23. After these unallowable costs were identified, the subcontractor provided a revised general ledger from which we selected one individual transaction for testing. **Exception noted.**

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 noted.**

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 noted.**

#### **DCFS**

For the 22 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 noted.**

#### **DEO**

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 noted.**

For 38 out of 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. For two out of the 40 subcontractor expenditures selected, we were unable to agree the expenditure to back up supporting documentation as described in procedure #1 above. **Exception noted.**

### **DHS**

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 noted.**

For the 22 non-payroll transactions for reimbursement contracts and 18 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 noted.**

### **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 noted.**

For the 20 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 noted.**

### **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 noted.**

For the four 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 noted.**

For the 21 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 noted.**

### **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 noted.**

For the 12 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 noted.**

For the 13 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 noted.**

## 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 noted.**

For the eight 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 noted.**

## 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 noted.**

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 noted.**

## 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 noted.**

## LAHSA

For the two months of payroll expenditures and the 60 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 noted.**

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 with the exception of one expenditure as described in procedure #1 above. **Exception noted.**

- 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 noted.**

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 E6 – Countywide Outreach System
- Strategy E7 – Strengthen the Coordinated Entry System
- Strategy E8 – Enhance the Emergency Shelter System

### DCFS

For the 22 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

### DEO

For the two months of payroll expenditures and 38 out of the 40 subcontractor expenditures/expenditures selected, we confirmed that these expenditures/expenditures were specific to Strategy C7 – Subsidize Employment for Homeless Adults. For two out of the 40 subcontractor expenditures selected, we were unable to confirm that these expenditures were specific to Strategy C7 as described in procedure #1 above. **Exception noted.**

### DHS

For the two months of payroll expenditures selected, 22 transactions of non-payroll expenditures for reimbursement contracts, and 18 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 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 20 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 Supplemental Security Income (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, four subcontractor expenditures, and 21 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, 12 transactions of subcontractor expenditures, and 13 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 eight non-payroll/subcontractor expenditures selected, we confirmed that these expenditures/expenditures were specific to the Strategy D6 – Criminal Record Clearing Project. **No exceptions noted.**

### **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 noted.**

### **LAHSA**

For the two months of payroll expenditures, 60 selected employees, and 60 non-payroll/subcontractor expenditures, we confirmed that these expenditures/expenditures were specific to the following Measure H strategies with the exception as described in procedure #1 above. **Exception noted.**

- 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 2022-23. **No exceptions noted.**

#### **DCFS**

For the 22 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 2022-23. **No exceptions noted.**

#### **DEO**

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 2022-23. **No exceptions noted.**

For 38 out of 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 2022-23. For two out of the 40 transactions of subcontractor expenditures selected, there were no supporting documents provided as described in procedure #1 above. **Exception noted.**

#### **DHS**

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 2022-23. **No exceptions noted.**

For the 22 non-payroll expenditures selected for reimbursement contracts and 18 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 2022-23. **No exceptions noted.**

#### **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 2022-23. **No exceptions noted.**

For the 20 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 2022-23. **No exceptions noted.**

**DPH**

For the two months of payroll expenditures, four non-payroll contractor expenditures, and 21 non-payroll recipient expenditures transactions 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 2022-23. **No exceptions noted.**

**DPSS**

For the two months of payroll expenditures, 12 transactions of subcontractor expenditures, and 13 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 2022-23. **No exceptions noted.**

**PD**

For the two months of payroll expenditures and eight 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 2022-23. **No exceptions noted.**

**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 2022-23. **No exceptions noted.**

**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 2022-23. **No exceptions noted.**

**LAHSA**

For the two months and 60 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 2022-23. **No exceptions noted.**

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 2022-23 with the exception as described in procedure #1 above. **Exception noted.**

- 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 eleven County Departments and outside Agencies complied with the 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 \$40,391,147 of Measure H funds to be used for the following strategies:

Strategy		Measure H Allocation
Admin	Measure H Administration (Current Year (CY))	\$ 5,688,000
Admin	Measure H Administration (One Time Authorization (OTA))	258,000
Admin	Measure H Administration (Carry Over (CO))	843,000
A5	Homeless Prevention Programs for Individuals (CY)	422,350
A5	Homeless Prevention Programs for Individuals (CO)	338,000
B3	Partner with Cities to Expand Rapid Re-Housing (CY)	740,000
B3	Partner with Cities to Expand Rapid Re-Housing (CO)	984,000
E6	Countywide Outreach System (CY)	1,038,944
E6	Countywide Outreach System (OTA)	180,000
E6	Countywide Outreach System (CO)	611,000
E7	Strengthen the Coordinated Entry System (CY)	20,993,853
E7	Strengthen the Coordinated Entry System (CO)	5,363,000
E8	Enhance the Emergency Shelter System (CY)	1,680,000
E8	Enhance the Emergency Shelter System (OTA)	300,000
E8	Enhance the Emergency Shelter System (CO)	951,000
Total		\$ 40,391,147

Under Administrative, CEO provides administrative services for the appropriate oversight of the Measure H funding and programming.

Under Strategy E6, CEO provides outreach services through contracts with Continuums of Care (CoCs) in Long Beach, Pasadena, and Glendale.

Under Strategy E7, CEO provides regional coordination services through contracts with Continuums of Care (CoCs) in Long Beach, Pasadena, and Glendale.

Under Strategy E8, CEO provides emergency shelter services through contracts with Continuums of Care (CoCs) in Long Beach, Pasadena, and Glendale.

CEO’s Measure H expenditures in FY 2022-23 totaled \$14,775,891, of which \$5,578,594 was paid from the prior year's carry-over (CO) encumbrance and \$8,997,297 from the current year's allocation. These amounts were specific to the allocated strategies. The expenses paid in FY 2022-23 are listed below. **No exceptions noted.**

Strategy		Measure H Expenditures
Admin	Measure H Administration (CY)	\$ 4,785,046
Admin	Measure H Administration (CO)	285,684
E6	Countywide Outreach System (CO)	945
E7	Strengthen the Coordinated Entry System (CY)	4,015,292
E7	Strengthen the Coordinated Entry System - Payable	41,108
E7	Strengthen the Coordinated Entry System - Paid with FY 2020 Encumbrance	1,877,449
E7	Strengthen the Coordinated Entry System - Paid with FY 2022 Encumbrance	3,594,516
E7	Strengthen the Coordinated Entry System - Paid with FY 2023 Encumbrance	27,651
E8	Enhance the Emergency Shelter System (CY)	128,200
Total		<u>\$ 14,755,891</u>

**DCFS**

DCFS was allocated \$500,000 of Measure H funds to be used for Strategy A1 – Homeless Prevention Programs for Families and \$300,000 to be used for Strategy A5 – Homeless Prevention Programs for Individuals based on the Measure H Expenditure Plan approved by the Board of Supervisors in FY 2022-23.

Under Strategy A1, DCFS provides Emergency Basic Support Services (EBSS) that assist families with or prevent homelessness.

Under Strategy A5, DCFS provides support for the housing needs of foster youth participating in Assembly Bill (AB) 12/Extended Foster Care as well as assisting transition age youth with one-time funding on housing-related assistance, including first and last month’s rent, security deposit and furniture.

DCFS’ Measure H expenditures in FY 2022-23 totaled \$726,301, which consisted of \$489,274 used for Strategy A1 – Homeless Prevention Programs for Families and \$237,027 used for Strategy A5 – Homeless Prevention Programs for Individuals. **No exceptions noted.**

**DEO**

DEO 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 2022-23.

Under Strategy C7, DEO 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.

DEO’s Measure H expenditures in FY 2022-23 totaled \$6,551,527, of which \$862,397 was paid from the prior year’s carry-over (CO) encumbrance and \$5,689,130 from the current year’s allocation. These expenditures were specific to Strategy C7 – Subsidized Employment for Homeless Adults. Based on our testing, we found an exception as described in procedure #1 above. **Exception noted.**

## DHS

DHS was allocated \$197,403,000 of Measure H funds to be used for the following strategies:

Strategy		Measure H Allocation
B7	Interim/Bridge Housing for those Exiting Institutions	\$ 22,531,000
C4/C5/C6	Establishing a Countywide SSI Advocacy Program for People Experiencing Homelessness or At-Risk of Homelessness	1,050,000
D2	Jail-In Reach	2,091,000
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	98,181,000
D7-SRAP	Provide Services and Rental Subsidies for Permanent Supportive Housing (OTA)	100,000
E6	Countywide Outreach System	20,733,000
E6-LAA	Countywide Outreach System (OTA)	1,828,000
E6-SRAP	Countywide Outreach System (OTA)	40,000
E6-RPM	Countywide Outreach System (OTA)	875,000
E8-CII	Enhance the Emergency Shelter System (CO)	3,485,000
E8	Enhance the Emergency Shelter System	42,475,000
E8-HK	Enhance the Emergency Shelter System (OTA)	3,504,000
E8-SRAP	Enhance the Emergency Shelter System (OTA)	510,000
Total		<u>\$ 197,403,000</u>

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 the 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, launched 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 2022-23 totaled \$153,918,136 and were specific for the strategies listed below. **No exceptions noted.**

Strategy		Measure H Expenditures
B7	Interim/Bridge Housing for those Exiting Institutions	\$ 22,457,418
D2	Jail-In Reach	1,768,912
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	80,572,449
D7-SRAP	Provide Services and Rental Subsidies for Permanent Supportive Housing (OTA)	5,427
E6	Countywide Outreach System	16,914,848
E6-LAA	Countywide Outreach System (OTA)	293,393
E6-SRAP	Countywide Outreach System (OTA)	7,131
E8-CII	Enhance the Emergency Shelter System (CO)	(354,731)
E8	Enhance the Emergency Shelter System	28,666,702
E8-HK	Enhance the Emergency Shelter System (OTA)	3,504,000
E8-SRAP	Enhance the Emergency Shelter System (OTA)	82,587
Total		<u>\$ 153,918,136</u>

**DMH**

DMH was allocated \$16,554,000 of Measure H funds to be used for the following five strategies:

Strategy		Measure H Allocation
B7	Interim/Bridge Housing for those Exiting Institutions	\$ 83,000
C4/C5/C6	Establish a Countywide Supplemental Security Income Advocacy Program for People Experiencing Homelessness or at risk of Homelessness	1,993,000
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	13,113,500
E6	Countywide Outreach System (OTA)	1,276,000
E8	Enhance the Emergency Shelter System	88,500
Total		<u>\$ 16,554,000</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 the 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 needs, 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 2022-23 totaled \$5,547,215 and were specific to the strategies listed below. **No exceptions noted.**

Strategy		Measure H Expenditures
B7	Interim/Bridge Housing for those Existing Institutions	\$ 72,418
C4/C5/C6	Establish a Countywide Supplemental Security Income Advocacy Program for People Experiencing Homelessness or at risk of Homelessness	781,788
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	4,613,699
E8	Enhance the Emergency Shelter System	79,310
Total		<u>\$ 5,547,215</u>

**DPH**

DPH was allocated \$15,442,000 of Measure H funds to be used for the following four strategies:

Strategy		Measure H Allocation
B7	Interim/Bridge Housing for those Exiting Institutions	\$ 10,394,000
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	2,224,000
E6	Countywide Outreach System	756,000
E6	Countywide Outreach System (OTA)	1,400,000
E8	Enhance the Emergency Shelter System	668,000
Total		<u>\$ 15,442,000</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 2022-23 totaled \$14,651,170 and were specific to the four strategies listed below. **No exceptions noted.**

Strategy		Measure H Expenditures
B7	Interim/Bridge Housing for those Existing Institutions	\$ 10,207,228
D7	Provide Services and Rental Subsidies for Permanent Supportive Housing	1,878,167
E6	Countywide Outreach System	756,000
E6	Countywide Outreach System (OTA)	1,300,000
E8	Enhance the Emergency Shelter System	509,775
Total		<u>\$ 14,651,170</u>



**DPSS**

DPSS was allocated \$8,621,000 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	\$ 3,620,000
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	5,001,000
Total		<u>\$ 8,621,000</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 the 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 2022-23 totaled \$7,668,329 and were specific to the strategies listed below. **No exceptions noted.**

Strategy		Measure H Expenditures
B1	Provide Subsidized Housing to Homeless Disabled Individuals Pursuing SSI	\$ 3,620,000
C4	Establish a Countywide SSI Advocacy Program for People Experiencing Homelessness or at Risk of Homelessness	4,048,329
Total		<u>\$ 7,668,329</u>

**PD**

PD was allocated \$3,098,000 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 2022-23.

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 2022-23 totaled \$2,464,272 and were specific for Strategy D6 – Criminal Record Clearing Project. **No exceptions noted.**

**LACDA**

LACDA was allocated \$15,268,000 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 2022-23.

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 Strategy F7, LACDA conducts capital projects to preserve current affordable housing and promote the development of affordable housing for homeless families and individuals.

LACDA’s Measure H expenditures in FY 2022-23 totaled \$10,449,911 for Strategy B4 - Facilitate Utilization of Federal Housing Subsidies. Also, during FY 2022-23, LACDA’s Measure H expenditures for Strategy F7 totaled \$3,607,805, which was coming from the FY 2020-21 unspent allocation/advances. **No exceptions noted.**

**LASD**

LASD was allocated \$494,000 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 2022-23.

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 2022-23 totaled \$474,674 and were specific for Strategy D2 – Jail In-Reach. **No exceptions noted.**

**LAHSA**

LAHSA was allocated \$227,611,597 of Measure H funds to be used for the following strategies:

Strategy		Measure H Allocation
A1	Homeless Prevention Program for Families (CO)	\$ 127,110
A1	Homeless Prevention Program for Families	7,839,000
A5	Homeless Prevention Program for Individuals (CO)	778,693
A5	Homeless Prevention Program for Individuals	10,424,000
A5	Homeless Prevention Program for Individuals (OTA)	24,000
B3	Partner with Cities to Expand Rapid Re-Housing (CO)	2,738,882
B3	Partner with Cities to Expand Rapid Re-Housing	67,971,000
B3	Partner with Cities to Expand Rapid Re-Housing (OTA)	72,000
B7	Interim/Bridge Housing for Those Exiting Institutions (CO)	1,084,402
B7	Interim/Bridge Housing for Those Exiting Institutions	4,108,000
E6	Countywide Outreach System (CO)	1,085,055
E6	Countywide Outreach System	11,572,000
E6	Countywide Outreach System (OTA)	574,000
E7	Strengthen the Coordinated Entry System (CO)	1,967,507
E7	Strengthen the Coordinated Entry System	20,222,000
E7	Strengthen the Coordinated Entry System (OTA)	1,109,597
E8	Enhance the Emergency Shelter System (CO)	8,933,316
E8	Enhance the Emergency Shelter System	60,063,000
E8	Enhance the Emergency Shelter System (OTA)	7,076,000
E14	Enhanced Services for Transition Age Youth (CO)	2,383,035
E14	Enhanced Services for Transition Age Youth	17,459,000
Total		\$ 227,611,597

Under Strategy A1, funding is dedicated to shelter diversion services within the 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 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 allowing 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 to improve 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, launched and implemented Multidisciplinary Outreach teams to better assist unsheltered homeless individuals through expanded multidisciplinary outreach capacity, and supported and expanded 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 on service need and availability. LAHSA will expand regional coordination for each population system, create domestic violence liaisons, expand housing navigation, create housing location programs, create training academies and provisions of technical assistance to agencies, create a 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 \$172,439,614 to LAHSA in FY 2022-23, and LAHSA's Measure H expenditures in FY 2022-23 totaled \$189,718,348 and were specific to the strategies listed below. However, we found one exception as described in procedure #1 above. **Exception noted.**

Strategy		Measure H Expenditures Disbursed/Paid by County	Measure H Expenditures Incurred by LAHSA	Difference Over/(Under) Paid by County
A1	Homeless Prevention Program for Families	\$ 4,838,090	\$ 5,817,189	\$ (979,099)
A5	Homeless Prevention Program for Individuals	8,017,083	10,514,919	(2,497,836)
B3	Partner with Cities to Expand Rapid Re-Housing	50,827,537	47,654,470	3,173,067
B7	Interim/Bridge Housing for Those Exiting Institutions	4,654,017	5,481,633	(827,616)
E6	Countywide Outreach System	10,602,102	11,102,130	(500,028)
E6	Countywide Outreach System (OTA)	158,082	158,082	-
E7	Strengthen the Coordinated Entry System	17,864,010	21,189,238	(3,325,228)
E8	Enhance the Emergency Shelter System	56,920,496	67,346,259	(10,425,763)
E8	Enhance the Emergency Shelter System (OTA)	4,659,559	4,659,559	-
E14	Enhanced Services for Transition Age Youth	13,898,638	15,794,869	(1,896,231)
Total		<u>\$ 172,439,614</u>	<u>\$ 189,718,348</u>	<u>\$ (17,278,734)</u>

The \$17,278,734 difference represents fourth-quarter subcontractor expenditures, which were submitted late and were not included in the County's FY 2022-23 actual expenditures. These expenditures will be reported by the County as FY 2023-24 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 the CEO were accurate and the funds were used for the specific purpose of the Measure H strategy. **No exceptions noted.**

#### **DCFS**

Based on our procedures performed for the 22 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 noted.**

#### **DEO**

For the two months of payroll expenditures and 38 out of the 40 transactions of subcontractor expenditures selected, the service levels reported by DEO were accurate and the funds were used for the specific purpose of the Measure H strategy. For two out of the 40 transactions of subcontractor expenses selected, we were unable to verify the service levels reported by DEO were accurate and the funds were used for the specific purpose of the Measure H strategy as described in procedure #1 above. **Exception noted.**

#### **DHS**

For the one month of payroll expenditures, 22 non-payroll reimbursement contract expenditures, and 18 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 noted.**

**DMH**

Based on our procedures performed for the two months of payroll expenditures and 20 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 noted.**

**DPH**

For the two months of payroll expenditures, four non-payroll contractor expenditures, and 21 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 noted.**

**DPSS**

For the two months of payroll expenditures, 12 transactions of subcontractor's cost, and 13 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 noted.**

**PD**

For the two months of payroll expenditures and eight 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 noted.**

**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 noted.**

**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 noted.**

**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 with the exception as described in procedure #1 above. **Exception noted.**

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 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, 2023. 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, DEO, DHS, DMH, DPH, DPSS, PD, LACDA, LASD, 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 11, 2023