



ARLENE BARRERA
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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June 23, 2020

TO: Each Supervisor

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

SUBJECT: **DEPARTMENT OF HEALTH SERVICES, DEPARTMENT OF PUBLIC HEALTH, AND DEPARTMENT OF MENTAL HEALTH – HOMELESS INITIATIVE – MEASURE H STRATEGIES – PERFORMANCE DATA VALIDATION AND LIMITED INTERNAL CONTROLS REVIEW**

NUMBER OF
RECOMMENDATIONS

PRIORITY 1

0

PRIORITY 2

2

PRIORITY 3

2

With the support and active participation of the Chief Executive Office (CEO) and the Departments of Health Services (DHS), Public Health (DPH), and Mental Health (DMH), collectively referred to as the Health Departments, we completed a review of the Health Departments' Homeless Initiative – Measure H Strategies (Strategies) performance data and internal controls. In collaboration with the CEO, the Health Departments provide services under various Strategies, as described in Attachment III, which are primarily funded through Measure H.

Generally, the Health Departments had adequate procedures in place over their Measure H services. However, we noted opportunities to improve controls and the accuracy of their reported performance data. For example:

- DHS did not conduct fiscal monitoring for seven (11%) of their 64 Measure H contracts. Procedures must be established to ensure consistent monitoring of contracted services.
- DHS's July through December 2018 performance data was not always reported accurately. DHS must ensure that their performance data is reported accurately so that program results can be effectively measured.

For details of our review, please see Attachment I. DHS, DPH, and DMH's responses indicate **agreement** with our findings and recommendations and are included in Attachment II.

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

AB:PH:TK:JH

Attachments

- c: Christina Ghaly, M.D., Director, Department of Health Services
Barbara Ferrer, Ph.D., M.P.H., M.Ed., Director, Department of Public Health
Jonathan E. Sherin, M.D., Ph.D., Director, Department of Mental Health

FAST FACTS

Measure H, a quarter-cent sales tax measure, was approved in March 2017 to prevent and combat homelessness within Los Angeles County.

The Health Departments received approximately \$58 million (\$54.6 million for DHS, \$2.2 million for DPH, and \$1.2 million for DMH) in Measure H funds from July through December 2018.

Services include subsidized housing, increasing income, case management, and creating a coordinated system, as described in Attachment III.

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Terri Kasman
DIVISION CHIEF

COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X19703

DEPARTMENTS OF HEALTH SERVICES, PUBLIC HEALTH, AND MENTAL HEALTH HOMELESS INITIATIVE – MEASURE H STRATEGIES PERFORMANCE DATA VALIDATION AND LIMITED INTERNAL CONTROLS REVIEW

BACKGROUND AND AUDIT SCOPE

In collaboration with the Chief Executive Office (CEO), the Departments of Health Services (DHS), Public Health (DPH), and Mental Health (DMH), collectively referred to as the Health Departments, provide services under various Homeless Initiative – Measure H Strategies (Strategies), as described in Attachment III. The Strategies are primarily funded through Measure H, a voter-approved quarter-cent sales tax measure enacted to combat homelessness. The CEO oversees the implementation of the Strategies and is responsible for administering the use of Measure H funds. The Health Departments received approximately \$58 million (\$54.6 million for DHS, \$2.2 million for DPH, and \$1.2 million for DMH) in Measure H funds from July through December 2018.

Our review focused primarily on evaluating the Health Departments' internal controls over their Strategies and validating their performance data from July through December 2018. We examined policies and procedures, interviewed management and staff, and conducted detailed walkthroughs to evaluate the effectiveness of existing controls.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RECOMMENDATION
1	<p>Enhancing Fiscal Monitoring Procedures - DHS contracts with outside agencies to provide services for various Strategies¹, which must be monitored as required by County Fiscal Manual Section 12.5.0 and Board of Supervisors Policy 5.040. However, we noted instances where agencies were not consistently monitored. Specifically, we noted that DHS did not conduct fiscal monitoring for seven (11%) of their 64 Measure H contracts.</p> <p>In addition to the requirements mentioned above, after our review, the CEO developed Measure H Fiscal Policies and Procedures, which include monitoring standards to strengthen fiscal accountability. Departments must establish procedures in accordance with these standards and ensure consistent monitoring of their contracted services.</p> <p>Impact: Increased risk of unidentified non-compliance issues when contracts are not consistently monitored, which may include disallowed costs and/or services not being adequately provided.</p>	<p>Priority 2 - DHS management establish procedures to ensure consistent fiscal monitoring of all Measure H contracts.</p> <p>DHS Response: Agree Target Implementation Date: August 2020</p>

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Department's operations if corrective action is not taken.

¹ For information on the Homeless Initiative Strategies reviewed, please refer to Attachment III.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>2 Inaccurate Reporting of Performance Data - DHS submits their Measure H performance data to the CEO quarterly, and we noted areas where DHS can improve the accuracy of the reported data. Specifically, we reviewed a sample of the supporting documentation for their July through December 2018 performance data and noted that for:</p> <ul style="list-style-type: none"> • Three Strategies¹ that focus on increasing income, DHS overstated the “Number of Individuals Currently Enrolled” metric by including clients who had completed and exited the programs. • Strategy B7, which provides interim housing for individuals exiting institutions, DHS did not always accurately report the institutions from which the clients were referred. <p>DHS must ensure that their performance data is accurately reported so that program results can be effectively measured.</p> <p>Impact: Increased risk of unreliable program outcomes, which can negatively impact program design, if performance metrics are not reported accurately.</p>	<p>Priority 2 - DHS management establish a review process to ensure that program services and results are accurately reflected in the reported quarterly performance metrics.</p> <p>DHS Response: Agree Implementation Date: December 2019</p>
<p>3 Internal Controls Over Duplicate Transactions - County departments submit quarterly reimbursement claims for their Measure H expenditures to the CEO. During our review of DPH’s October through December 2018 Measure H expenditures, we noted that DPH received reimbursement for four duplicate transactions, totaling \$2,580. According to DPH management, they were aware of issues with their system generating duplicate transactions and would perform manual reconciliations, which due to limited resources, were not always completed timely and resulted in delays with identifying duplicates.</p> <p>After our review, DPH indicated they worked with the CEO to correct the overbilling and had implemented new controls in their system that will prevent duplicate claims. DPH should continue to monitor their Measure H claims to ensure the controls effectively prevent duplicate transactions.</p> <p>Impact: Increased risk of overpayments, potentially reducing the availability of funds to assist other clients.</p>	<p>Priority 3 - DPH management ensure adequate system controls are in place to prevent duplicate transactions.</p> <p>DPH Response: Agree Implementation Date: December 2019</p>
<p>4 Contractor Invoice Reviews - DMH utilizes Measure H funding for contracted agencies to provide Strategy D7¹ services. The agencies are directed to claim reimbursement for Measure H funds if specific criteria are met, such as when services are provided to homeless individuals. However,</p>	<p>Priority 3 - DMH management develop and implement procedures to ensure contractors claim reimbursement from the appropriate funding sources.</p>

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Department’s operations if corrective action is not taken.

¹ For information on the Homeless Initiative Strategies reviewed, please refer to Attachment III.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>DMH does not have a process in place to review the agencies' invoices to determine whether they are appropriately claiming reimbursement for providing Measure H services.</p> <p>After our review, DMH determined that two agencies underbilled Measure H and overbilled another funding source during Fiscal Year 2018-19. Although the amount was immaterial and DMH subsequently corrected the issue, DMH should develop a review process to ensure contractors claim reimbursement from the appropriate funding source.</p> <p>Impact: Increased risk of improper use of funds, potentially reducing the availability of funds to assist other clients.</p>	<p>DMH Response: Agree Implementation Date: May 2020</p>

We conducted our review in conformance with the International Standards for the Professional Practice of Internal Auditing. For more information on our auditing process, including recommendation priority rankings, the follow-up process, and management's responsibility for internal controls, visit <https://auditor.lacounty.gov/audit-process-information/>.

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Department's operations if corrective action is not taken.

¹ For information on the Homeless Initiative Strategies reviewed, please refer to Attachment III.



April 30, 2020

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TO: Arlene Barrera
Auditor-Controller

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

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER'S LOS ANGELES COUNTY (LA COUNTY) HEALTH AGENCY-HOMELESS INITIATIVE – MEASURE H STRATEGIES-PERFORMANCE DATA VALIDATION AND INTERNAL CONTROLS REVIEW**

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Deputy Director, Clinical Affairs

Nina J. Park, M.D.
Chief Deputy Director, Population Health

Attached is the Department of Health Services' (DHS)' response to the recommendations made in the Auditor-Controller's report of its review of LA County Health Agency- Homeless Initiative –Measure H Strategies- Performance Data Validation and Internal Controls Review.

We concur with and have taken or initiated corrective actions to address recommendations in the report that pertain to DHS.

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Los Angeles, CA 90012

Tel: (213) 288-8050
Fax: (213) 481-0503

www.dhs.lacounty.gov

If you have any questions or require additional information, please contact Loretta Range at (213) 288-7755 or Anna Theresa Blanco at (213) 288-8446.

CRG:lr

Attachment

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



www.dhs.lacounty.gov

c: Arun Patel, M.D.
Cheri Todoroff
Elizabeth Boyce
Sarah Mahin
Manal Dudar
Leticia Moisa
Marjorie Rivas
Tryphenia Funches
Manuel Alderete
Maria Lorena Andrade-Guzman
Loretta Range
Anna Theresa Blanco

**LA COUNTY HEALTH AGENCY- HOMELESS INITIATIVE – MEASURE H STRATEGIES-
PERFORMANCE DATA VALIDATION AND INTERNAL CONTROLS REVIEW
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 1: ENHANCING FISCAL MONITORING PROCEDURES	
A/C Recommendation	DHS Management establish procedures to ensure consistent fiscal monitoring of all Measure H contracts.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan ¹	<p>To ensure consistent fiscal monitoring of all Measure H contracts, DHS Housing for Health, Finance and Centralized Contract Monitoring Division (CCMD) management are collaborating to establish policies and procedures consistent with the CEO's Measure H Fiscal Policies and Procedures.</p> <p>In June 2019, subsequent to the Auditor-Controller's review, Housing for Health's Countywide Benefits Entitlement Services Team (CBEST) conducted fiscal monitoring of the seven Measure H contracts noted in the review as not previously audited.</p>
Planned Implementation Date	August 2020
Additional Information (optional) ²	

ISSUE 2: INACCURATE REPORTING OF PERFORMANCE DATA	
A/C Recommendation	DHS Management establish a review process to ensure that program services and results are accurately reflected in the reported quarterly performance metrics.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan ¹	<p>In December 2019, DHS Housing for Health management made enhancements to the Comprehensive Health Accompaniment and Management Platform (CHAMP) system to capture specific client referral source data to ensure accurate categorization in client performance metrics. Referral sources were also added to internal monthly data quality reports to ensure missing or unknown data is addressed/corrected in a timely manner.</p> <p>Additionally, enrollment metrics were more clearly defined to ensure accuracy in the reporting of quarterly performance data.</p>
Planned Implementation Date	December 2019
Additional Information (optional) ²	

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.



BARBARA FERRER, Ph.D., M.P.H., M.Ed.
Director

MUNTU DAVIS, M.D., M.P.H.
County Health Officer

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May 28, 2020

TO: Arlene Barrera
Auditor-Controller

FROM: Barbara Ferrer, Ph.D., M.P.H., M.Ed. *Barbara Ferrer*
Director

SUBJECT: DEPARTMENT OF PUBLIC HEALTH - MEASURE H STRATEGIES
REVIEW

Attached for your review is our response to the Auditor-Controller's report on Measure H Strategies. We agree with the findings and will ensure implementation of corrective actions to address the Auditor-Controller's recommendation as indicated in the attached response.

If you need additional information or have any questions, you may contact Victor Cortez, Chief Financial Officer, at vcortez@ph.lacounty.gov or (323) 914-7821.

BF:vc

Attachment

c: Victor Cortez
Eleanor Lehnkering
Gerardo Pinedo
Ferdows Rashidian

DPH RESPONSE TO MEASURE H STRATEGIES DRAFT REPORT FINDING #3

BACKGROUND AND AUDIT SCOPE:

The Los Angeles County Health Agency is comprised of Departments of Health Services (DHS), Mental Health (DMH), and Public Health (DPH). The Measure H review focused primarily on evaluating the Health Agency departments' internal controls over strategies and validating performance data from July through December 2018. DPH is responsible for Finding #3.

SUMMARY OF FINDING #3: Internal Control Over Duplicate Transactions

During the review of DPH's October through December 2018 Measure H expenditures, it was noted that DPH received reimbursement for four duplicate transactions, totaling \$2,580. According to DPH management, these were issues with system generating duplicate transactions and resulted in overbilling.

DPH RESPONSE:

DPH agreed with finding #3. DPH management corrected the overbilling and had implemented new control in the system to prevent duplicate claims that resulted in duplicate transactions and overbilling.
Implementation Date: 12-20-19



DEPARTMENT OF MENTAL HEALTH
hope. recovery. wellbeing.

JONATHAN E. SHERIN, M.D., Ph.D.
Director

Curley L. Bonds, M.D.
Chief Medical Officer
Clinical Operations

Gregory C. Polk, M.P.A.
Chief Deputy Director
Administrative Operations

April 16, 2020

Arlene Barrera, Auditor-Controller
County of Los Angeles, Department of Auditor-Controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012-3873

Dear Ms. Barrera,

**RESPONSE TO FINDING NO. 4 OF THE
MEASURE H – HEALTH AGENCY REVIEW – DRAFT REPORT**

This letter is in response to Finding No. 4 of the Measure H – Health Agency Review – Draft Report, which found that Department of Mental Health (DMH) did not have a process in place to ensure the Client Supportive Services invoices submitted by contractors were claimed to the appropriate funding source.

In alignment with the recommendation by the Los Angeles County Auditor-Controller that DMH management develop and implement procedures to ensure contractors claim reimbursement from the appropriate funding sources, DMH has taken or will be taking the following corrective actions:

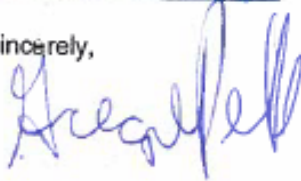
- Amended Legal Entity (LE) contracts to include a new Invoice Summary Cover Sheet with a Measure H checkbox that contractors can use specifically to indicate when invoices are for Measure H Housing Full Service Partnership (FSP) clients (see attached). **Completion date:** October 18, 2019.
- Developed an electronic invoice system that, once implemented, will allow for the electronic submission and tracking of all LE contractor invoices in an effort to better streamline the invoice review process. **Completion Date:** December 2019.
- Emailed LE contractors who provide Housing FSP services with instructions on how to properly complete the new Invoice Summary Cover Sheet to ensure client invoices are designated as Measure H when appropriate. **Completion Date:** April 14, 2020.

Arlene Barrera, Auditor Controller
April 16, 2020
Page 2

- Developing written procedures to be used by DMH staff to verify that any Invoice Summary Cover Sheet submitted for a Housing FSP client is billed to the appropriate funding source. **Projected completion date:** May 15, 2020.

If you have any questions, please feel free to contact me or Maria Funk, Deputy Director, Housing and Job Development Division, at 213.251.6582 or via email at mfunk@dmh.lacounty.gov.

Sincerely,



JES Jonathan E. Sherin, M.D., Ph.D.
Director

JES:GCP:MF:ymm

Attachment

DEPARTMENTS OF HEALTH SERVICES (DHS), MENTAL HEALTH (DMH), AND
PUBLIC HEALTH (DPH)
HOMELESS INITIATIVE – MEASURE H STRATEGIES

Strategy	Description	Departments
Subsidize Housing		
B3	Connects homeless individuals and families to permanent housing through financial assistance, case management, targeted supportive services, and housing identification support.	DHS
B7	Increases the interim housing stock across the County for individuals exiting institutions such as jails, prisons, foster care, hospitals, urgent care centers and other medical, behavioral health, and substance abuse treatment facilities, and is designed to facilitate permanent housing placement.	DHS DMH DPH
Increase Income		
C4	Assists individuals experiencing homelessness or at risk of homelessness in applying for and obtaining Supplemental Security Income (SSI) or other related benefits such as Social Security Disability Insurance and Cash Assistance Programs for Immigrants.	DHS DMH
C5	Assists eligible homeless veterans in applying for and obtaining income and/or health benefits from the Department of Veterans Affairs.	DHS DMH
C6	Assists disabled, incarcerated individuals in completing and submitting their SSI application prior to discharge or in securing reinstatement of their SSI benefits.	DHS DMH
Provide Case Management and Services		
D7	Clients will receive Intensive Case Management Services and be matched to a rental subsidy. D7 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.	DHS DMH DPH
Create a Coordinated Entry System		
E6	Enhances current outreach efforts through the Countywide network of multidisciplinary, integrated street-based teams to identify, engage and connect, or re-connect, homeless individuals to interim and/or permanent housing and supportive services.	DHS
E8	Enhances the emergency shelter system to be an effective point-of-access to and component of an integrated homeless services system.	DHS DMH