



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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OSCAR VALDEZ
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August 26, 2020

TO: Each Supervisor
FROM: Arlene Barrera, Auditor-Controller
SUBJECT: **LOS ANGELES HOMELESS SERVICES AUTHORITY – HOMELESS INITIATIVE – MEASURE H STRATEGIES - PERFORMANCE DATA VALIDATION AND LIMITED INTERNAL CONTROLS REVIEW**

NUMBER OF RECOMMENDATIONS	
PRIORITY 1	2
PRIORITY 2	1
PRIORITY 3	1

With the support and active participation of the Chief Executive Office and Los Angeles Homeless Services Authority (LAHSA or Agency), we completed a review of LAHSA's Homeless Initiative – Measure H Strategies (Strategies) performance data and internal controls. LAHSA provides services under various Strategies, as described in Attachment III, which are primarily funded through Measure H. Our review focused primarily on evaluating LAHSA's internal controls over their performance reporting and validating their performance data from July 2018 through June 2019.

During our review period, LAHSA and their contractors provided services to approximately 70,000 individuals who were either homeless or at risk of being homeless, and the Agency maintained detailed records for the services provided. To enhance their performance data reporting of Measure H services, we noted various opportunities for LAHSA to improve and strengthen internal controls. For example:

- LAHSA was unable to provide documentation (e.g., detailed list of clients served) during our initial request for support of their July through December 2018 performance data.
- We noted instances where LAHSA's performance data was not always accurately reported and resulted in an overstatement of program outcomes.

For details of our review, please see Attachment I. LAHSA's response indicates agreement with our findings and recommendations and is included in Attachment II.

We thank LAHSA 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:OV:PH:TK:JH

Attachments

- c: Sachi A. Hamai, Chief Executive Officer
- Sarah Dusseault, Commission Chair, Los Angeles Homeless Services Authority
- Heidi Marston, Executive Director, Los Angeles Homeless Services Authority

FAST FACTS

No material weakness in the internal controls structure was noted by the independent auditors in the Measure H Annual Financial Audit report for the year ended June 30, 2019.

LAHSA received approximately \$172 million in Measure H funds from July 2018 through June 2019.

Services include preventing homelessness, subsidized housing, 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 #X19706

LOS ANGELES HOMELESS SERVICES AUTHORITY HOMELESS INITIATIVE – MEASURE H STRATEGIES PERFORMANCE DATA VALIDATION AND LIMITED INTERNAL CONTROLS REVIEW

BACKGROUND AND AUDIT SCOPE

The Los Angeles Homeless Services Authority (LAHSA or Agency) provides services under various Homeless Initiative – Measure H Strategies¹ (Strategies), as described in Attachment III, which are primarily funded through Measure H, a voter-approved quarter-cent sales tax measure enacted to combat homelessness. The Chief Executive Office (CEO) oversees the implementation and administration of the Strategies and is responsible for administering the use of Measure H funds. LAHSA received approximately \$172 million in Measure H funds from July 2018 through June 2019.

Our review focused primarily on evaluating LAHSA’s internal controls over their performance reporting and validating their Homeless Initiative performance data from July through December 2018. After initial review, we expanded our scope to include performance data through June 2019, as described below. 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>Supporting Documentation for Performance Data - LAHSA is the lead Agency for eight Strategies¹ and submits performance data to the CEO quarterly. However, the Agency was initially unable to provide supporting documentation (e.g., detailed list of clients served) for six of the eight Strategies during our review of their July through December 2018 performance data. According to LAHSA management, this was due to issues with the software used to convert data from their Homeless Management Information System (HMIS), a database used to track client services, into a usable format. Specifically, LAHSA could not re-generate the requested detailed reports due to the software issues, and could not locate the past generated reports that were used due to staff turnover within their Data Management Department.</p> <p>LAHSA indicated they filled the vacant positions and were actively addressing these issues by implementing updates to their data collection and reporting process, including replacing the software used to convert their HMIS data. Therefore, we expanded our scope to include a review of their cumulative performance data for July 2018 through June 2019 and LAHSA was able to provide documentation to support the reported numbers, except for the minor discrepancies as mentioned below in Issue 4. However, LAHSA must continue to assess their HMIS data to ensure appropriate</p>	<p>Priority 1 - LAHSA management establish a review process to ensure adequate documentation for their reported performance data is appropriately maintained and readily available upon request.</p> <p>LAHSA Response: Agree</p> <p>LAHSA’s response indicates they have made substantial improvements since our review and plan to fully implement our recommendation by 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 Agency’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>documentation is consistently maintained and available upon request.</p> <p>Impact: Increased risk of inaccurate and/or unsupported performance data, which may result in an inability to determine whether program services are being provided in an effective/efficient manner or whether corrective action is needed in the event of an undesirable deviation.</p>	
<p>2 Inaccurate Reporting of Performance Data - As mentioned above, LAHSA submits performance data for various Strategies¹ to the CEO quarterly. During our review, we noted instances where the data was not always accurately reported and resulted in an overstatement of program outcomes. Specifically, for each Strategy, we reviewed a sample of supporting documentation for their July 2018 through June 2019 performance data and noted for:</p> <ul style="list-style-type: none"> • Strategies A1 and A5, which focus on preventing homelessness, four (8%) of the 50 clients reviewed were ineligible clients who did not receive A1/A5 program services and incorrectly captured as being placed in permanent housing. • Strategy B3, which provides subsidized/rapid re-housing services, LAHSA incorrectly reported that program participants obtained employment or secured permanent housing with a subsidy when the case files did not support these outcomes for 11 (39%) of the 28 clients reviewed. • Strategy E6, which focuses on Countywide outreach, LAHSA incorrectly captured individuals as being placed into permanent housing when the case files either indicated no placements were made or conflicting information (i.e., individuals were placed prior to LAHSA/agency engagement) for four (15%) of the 26 clients reviewed. <p>LAHSA attributed the inaccuracies to various factors, such as HMIS input errors, the need for additional training for service providers and standardized processes.</p> <p>Impact: Increased risk of misinterpreted program results if performance metrics are not reported accurately, which may result in an inability to determine whether program services are being provided in an effective/efficient manner or whether corrective action is needed in the event of an undesirable deviation.</p>	<p>Priority 1 - LAHSA management:</p> <p>a) Develop written standards and procedures that adequately guide the data collection and entry into HMIS process.</p> <p>b) Establish a review process to ensure the procedures are appropriately followed and program services are accurately reported.</p> <p>LAHSA Response: Agree</p> <p>LAHSA’s response indicates they have made substantial improvements since our review and plan to fully implement our recommendations by September 2020.</p>

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

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

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION		
	ISSUE	RECOMMENDATION
3	<p>HMIS Quality Control Plan - LAHSA maintains HMIS, a system also used by their contracted agencies, and during our review the Agency had not yet fully implemented a quality control plan to ensure data in the system is reliable, accurate, and complete. Specifically, we noted procedures in LAHSA's existing HMIS Data Quality Plan (Plan) that were not always in effect. For example, LAHSA did not:</p> <ul style="list-style-type: none"> • Always require contracted agencies to review and certify the accuracy of HMIS generated performance data prior to submitting the data to the CEO. • Monitor, review, and discuss HMIS data error reports as indicated in the Plan. <p>During our review, LAHSA indicated they were making improvements to the Plan which were pending management review.</p> <p>Impact: Increased risk that inaccurate and/or incomplete data is not identified timely, which may result in an inability to determine whether program services are being provided in an effective/efficient manner or whether corrective action is needed in the event of an undesirable deviation.</p>	<p>Priority 2 - LAHSA management fully implement their Plan to ensure their performance data is reliable, accurate, and complete.</p> <p>LAHSA Response: Agree</p> <p>LAHSA's response indicates they have made substantial improvements since our review and plan to fully implement our recommendation by September 2020.</p>
4	<p>Data Input Errors - As noted above in Issue 1, we identified minor input errors in our review of LAHSA's supporting documentation for their July 2018 through June 2019 performance data reported to the CEO. According to LAHSA management, the data was manually transferred into the established quarterly report templates and the discrepancies were due to clerical error. Although this generally resulted in minor understatements of program outcomes, which LAHSA indicated would be corrected in subsequent reports, the Agency should implement a review process to ensure all performance data is accurately reported.</p> <p>Impact: Increased risk of inaccurately reported performance data, which may result in an inability to determine whether program services are being provided in an effective/efficient manner or whether corrective action is needed in the event of an undesirable deviation.</p>	<p>Priority 3 - LAHSA management implement a review process to ensure performance data is accurately inputted into quarterly reports.</p> <p>LAHSA Response: Agree</p> <p>LAHSA's response indicates they have made substantial improvements since our review and plan to fully implement our recommendation by August 2020.</p>

For more information on our auditing process, including recommendation priority rankings and the resolution process, visit <http://auditor.lacounty.gov/contract-monitoring-audit-process-information/>.

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

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



July 21, 2020

Arlene Barrera, Auditor-Controller

████████████████████
500 West Temples Street, Room 525
Los Angeles, CA 90012

**Subject: LAHSA's response to Homeless Initiative Measure H Strategies-
Performance Data validation and Limited Internal Controls Review.**

Dear Arlene Barrera,

The Los Angeles Homeless Services Authority (LAHSA) is in receipt of Auditor-Controller (AC) Measure H Review issued by the County of Los Angeles, regarding the on-site review that began on October 1, 2019. We appreciate the opportunity to respond to the review and to work to strengthen LAHSA's operations. LAHSA is committed to data integrity and accurate reporting. Data is integral to demonstrating progress towards our system goals. Through detailed system evaluation, we have made substantive progress in improving business application to reflect our achievements.

Restatement of Issue #1: Lack of Supporting Documentation for Performance Data

LAHSA is the lead Agency for eight Strategies and submits performance data to the CEO quarterly. However, the Agency was initially unable to provide supporting documentation (e.g., detailed list of clients served) for six of the eight Strategies during AC review of their July through December 2018 performance data. According to LAHSA management, this was due to issues with the software used to convert data from their Homeless Management Information System (HMIS), a database used to track client services, into a useable format. Specifically, LAHSA could not re-generate the requested detailed reports due to the software issues and could not locate the past generated reports that were used due to staff turnover within their Data Management Department.

LAHSA indicated they filled the vacant positions and were actively addressing these issues by implementing updates to their data collection and reporting process, including replacing the software used to convert their HMIS data. Therefore, AC expanded our scope to include a review of their cumulative performance data for July 2018 through June 2019 and LAHSA was able to provide documentation to support the reported numbers, except for the minor discrepancies as mentioned below in Issue 4. However, LAHSA must continue to assess their HMIS data to ensure appropriate documentation is consistently maintained and available upon request

Heidi Marston
Executive Director

Board of Commissioners

Sarah Dusseau
Chair

Mitchell Kamin
Vice Chair

Kelli Bernard

Noah Farkas

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Recommendation 1: LAHSA management establish a review process to ensure adequate documentation for their reported performance data is appropriately maintained and readily available upon request

LAHSA Response:

LAHSA Agrees. Target Implementation Date August 2020.

As stated by AC, this error was due to a change in the application used to produce the reports and staff turnover. The prior application did not maintain a data capture at the time of reporting, which made producing data for subsequent reviews challenging. LAHSA has since updated its approach with regard to maintaining supporting documentation for performance data reports. More specifically, the HMIS database that includes the relevant reporting data elements will be captured and stored on LAHSA servers on the day that data report queries are run for the purpose of metric reporting.

Furthermore, after completion of each individual metric, LAHSA will systematically and consistently store backup documentation that clearly identifies the applicable programs from which data outcomes were pulled, and list of those client records for which an outcome was counted and reported.

Restatement of Issue #2: Inaccurate Reporting of Performance Data

As mentioned above, LAHSA submits performance data for various Strategies to the CEO quarterly. During AC review, AC noted instances where the data was not always accurately reported and resulted in an overstatement of program outcomes. Specifically, for each Strategy, we reviewed a sample of supporting documentation for their July 2018 through June 2019 performance data and noted for:

- Strategies A1 and A5, which focus on preventing homelessness, four (8%) of the 50 clients reviewed were ineligible clients who did not receive program services and incorrectly captured as being placed in permanent housing.
- Strategy B3, which provides subsidized/rapid re-housing services, LAHSA incorrectly reported that program participants obtained employment and secured permanent housing with a subsidy when the case files did not support these outcomes for 11 (39%) of the 28 clients reviewed.
- Strategy E6, which focuses on Countywide outreach, LAHSA incorrectly captured individuals as being placed into permanent housing when the case files either indicated no placements were made or conflicting information (i.e., individuals were placed prior to LAHSA/agency engagement) for four (15%) of the 26 clients reviewed.

LAHSA attributed the inaccuracies to various factors, such as HMIS input errors, the need for additional training for service providers and standardized processes.

Recommendation 2:

- a) **Develop written standards and procedures that adequately guide the data collection and entry into HMIS process.**
- b) **Establish a review process to ensure the procedures are appropriately followed and program services are accurately reported.**

LAHSA Response:

LAHSA Agrees. Target Implementation date September 2020.

Between the eight homeless initiative strategies that LAHSA reports on, there is a relatively high number of total metrics for which LAHSA is tasked with providing outcome data that at times is not consistent with system-wide data that is normally reported. The high volume of specified metrics requires the creation and development of many distinct data queries and the level of complexity varies widely.

The metrics cited here by the AC are quite possibly the three most challenging/complex of the 100+ metrics LAHSA reported on. Each requires multiple condition parameters and mix several data elements that have a history of provider data entry challenges and relies on data from external sources. Based off the sample selection by the AC only 11 of these clients had inadequate supporting documentation, indicating less than 1% of error across all 19,909 clients that were reported across all metrics for B3.

LAHSA has always, as a matter of practice, cross-referenced aggregate reporting results with individual case files in HMIS to ensure accuracy. In the past, staffing capacity and a relatively short window of time between the end of the reporting period and expected due dates limited the amount of manual cross-referencing.

Increased staff capacity will allow for more comprehensive and extensive manual cross-referencing, and the accumulated knowledge and experience in report development for specific/more-complex metric queries will greatly reduce the likelihood of discrepancy between case files and aggregate results.

We requested our HMIS vendor to conduct system health check review and it is expected to complete in August. It is a top to bottom review of the business application. Large volume of data is captured daily, and we rely on our providers to enter accurate information. Resources to verify programmatic information against data entered in the business system is limited. LAHSA also relies on its provider to enter accurate information.

Restatement of Issue #3: HMIS Quality Control Plan

LAHSA maintains HMIS, a system also used by their contracted agencies, and during AC review the Agency had not yet fully implemented a quality control plan to ensure data in the system is reliable, accurate, and complete. Specifically, AC noted procedures in LAHSA's existing HMIS Data Quality Plan (Plan) that were not always in effect. For example, LAHSA did not:

- Always require contracted agencies to review and certify the accuracy of HMIS generated performance data prior to submitting the data to the CEO.
- Monitor, review, and discuss HMIS data error reports as indicated in the Plan.

During our review, LAHSA indicated they were making improvements to the plan which were pending management review.

Recommendation 3: LAHSA management fully implement their Plan to ensure their performance data is reliable, accurate, and complete.

LAHSA Response:

LAHSA Agrees. Target Implementation Date September 2020.

LAHSA recognizes the importance of monitoring, reviewing, and the discussion of data discrepancies outlined in the Plan. This plan has been under development to supplement the current data quality requirements outlined in the LA HMIS Policies and Procedures. The phased implementation will begin in July 2020.

LAHSA will ensure staff and contracted service providers are following the procedures outlined in the Plan moving forward from the implementation date. To encourage the accurate, completeness, and timely entry of data, LAHSA will actively engage and utilize the partnership with our Regional Data Coordinators across all eight service planning areas to assist with the direct support and bridge meaningful relationships with our service providers.

Restatement of Issue #4: Data Input Errors

As noted above in Issue 1, AC identified minor input errors in the review of LAHSA's supporting documentation for July 2018 through June 2019 performance data reported to the CEO. According to LAHSA management, the data was manually transferred into the established quarterly report templates and the discrepancies were due to clerical error. Although this generally resulted in minor understatements of program outcomes, which

County of Los Angeles
Department of Auditor-Controller
LAHSA Response
Page 5 of 6

LAHSA indicated would be corrected in subsequent reports, the Agency should implement a review process to ensure all performance data is accurately reported.

Recommendation 4 - LAHSA management implement a review process to ensure performance data is accurately inputted into quarterly reports.

LAHSA Response:

LAHSA agrees. Target Implementation Date August 2020.

As the AC indicated, these input errors were minor and due to clerical errors made when the data results were transposed into the established quarterly report templates. Because the process established by the CEO's office requires that the data be entered into a document that its staff creates – it is not possible to avoid the manual input of information. LAHSA has implemented management review to ensure data accuracy. Each of the eight strategies now has both a primary and secondary front-line staff assigned. Additionally, Director, Manager and Supervisor review and sign-off of the data as inputted into the quarterly template is mandatory. As a result, LAHSA is confident that clerical errors such as those outlined above have been eliminated.

Conclusion

We appreciate the opportunity to address the issues identified in the final Auditor-Controller Measure H Review. We look forward to continuing our collaboration in the administration of Measure H funding with the Auditor-Controller to ensure the continued success of individuals and families experiencing homelessness and the programs that serve them in the County of Los Angeles. We continue to invest in technology to enhance data collection but also recognize business systems end users play a key role to ensure data is complete, timely and accurate. LAHSA looks forward to demonstrating progress towards its goals through the timely and accurate reporting of data. LAHSA believes that substantial improvements have been made in the areas of concern noted by the Auditor-Controller Review.

If you or your staff have any questions or require additional information, please contact Holly Henderson, DPA, Monitoring and Compliance Interim Associate Director, at 213-683-3334 or by email at hhenderson@lahsa.org.

Sincerely,

Heidi Marston

Heidi Marston (Jul 20, 2020 15:51 PDT)

Heidi Marston
Executive Director

County of Los Angeles
Department of Auditor-Controller
LAHSA Response
Page 6 of 6

Cc: Anthony Creed
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Holly Henderson, DPA
Jeffrey Proctor

**LOS ANGELES HOMELESS SERVICES AUTHORITY
 HOMELESS INITIATIVE – MEASURE H STRATEGIES
 DESCRIPTIONS OF SERVICES**

Strategy	Description
Prevent Homelessness	
A1	Assists families at-risk of becoming homeless to preserve their current housing situation through diversion services, financial assistance, case management and employment services, and legal services.
A5	Assists single adults and youth at-risk of becoming homeless to preserve their current housing situation through diversion services, financial assistance, case management, supportive services, and legal services.
Subsidize Housing	
B3	Connects homeless individuals and families to permanent housing through financial assistance, case management, targeted supportive services, and housing identification support.
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.
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.
E7	Enhances the regional coordination of the entire coordinated entry system for single adults, families, and youth to strengthen the overall system and add additional service capacity to support participants served.
E8	Enhances the emergency shelter system to be an effective point-of-access to and component of an integrated homeless services system.
E14	Enhances the resources to house and service transition age youth who are homeless/at-risk of homelessness and expands programs providing housing navigation, shelter, transitional housing, and case management.