



COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ASSISTANT AUDITOR-CONTROLLERS

ARLENE BARRERA
AUDITOR-CONTROLLER

PETER HUGHES
KAREN LOQUET
CONNIE YEE

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

January 11, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller [Handwritten Signature]

SUBJECT: DEPARTMENT OF PUBLIC SOCIAL SERVICES – HOMELESS INITIATIVE - STRATEGY B1 – PERFORMANCE DATA VALIDATION AND INTERNAL CONTROLS REVIEW (REPORT #X19708) - FIRST AND FINAL FOLLOW-UP REVIEW

We have completed a follow-up review of the Department of Public Social Services (DPSS or Department) Homeless Initiative – Strategy B1 – Performance Data Validation and Internal Controls Review dated February 12, 2020 (Report #X19708). As summarized in Table 1, DPSS fully implemented our two recommendations to enhance their internal controls over Homeless Initiative – Strategy B1 performance reporting and services.

Table 1 - Results of First and Final Follow-up Review

Table with 5 columns: PRIORITY RANKINGS, TOTAL RECOS, FULLY IMPLEMENTED, PARTIALLY IMPLEMENTED, NOT IMPLEMENTED. Rows include PRIORITY 1, PRIORITY 2, PRIORITY 3, and TOTAL. A separate box shows 0 under OUTSTANDING RECOMMENDATIONS.

Attachment I provides details of our review and the Department’s corrective actions. Our follow-up review did not constitute an “audit” and did not include testing of assertions for verification purposes.

We thank DPSS 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

Attachment

- c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Antonia Jiménez, Director, Department of Public Social Services

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Terri Kasman
DIVISION CHIEF

COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X21702

DEPARTMENT OF PUBLIC SOCIAL SERVICES – HOMELESS INITIATIVE - STRATEGY B1 – PERFORMANCE DATA VALIDATION AND INTERNAL CONTROLS REVIEW (REPORT #X19708) - FIRST AND FINAL FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 2 - Department of Public Social Services (DPSS or Department) management enhance internal controls by developing automated processes to ensure that subsidies are appropriately issued, and duplicate payments are prevented.</p> <p>Original Issue/Impact: DPSS's existing manual controls did not detect a Homeless Initiative – Strategy B1 (Strategy B1) housing subsidy duplicate payment which resulted in an overpayment to the landlord who received the subsidy. This control weakness increased the risk of other undetected duplicates, potentially reducing the availability of funds to assist other clients.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed DPSS updated their policies and procedures to include additional verification steps to ensure that no duplicate payments are made. We also confirmed DPSS provided training on the updated procedures to all relevant staff. Although DPSS's initial corrective action included a proposed system design change to automatically notify staff of duplicate payments, the Department later determined that this would not resolve the issue as the duplicate payment we identified was due to user error. Therefore, to prevent future errors, we confirmed DPSS made process updates as described above.</p>
<p>2 Priority 3 - DPSS management consider developing and implementing procedures for on-site visits to clients' subsidized housing locations, and include a cost-benefit analysis as part of the consideration.</p> <p>Original Issue/Impact: DPSS's procedures did not include on-site visits to a client's subsidized housing location, which increases the risk of clients potentially not residing at their respective housing locations going undetected. However, the Department does maintain regular contact with Strategy B1 clients through phone and/or in-person meetings at a DPSS facility to help mitigate the risk of inappropriate use of subsidies.</p>	<p>Recommendation Status: Considered and Evaluated as Recommended</p> <p>We confirmed DPSS reviewed the feasibility of developing and implementing procedures for on-site visits to clients' subsidized housing locations and determined that on-site visits presented safety concerns and do not fall under the classification standards for the Greater Avenues for Independence Services Worker. In addition, we confirmed DPSS further considered on-site visits and explored the alternative approach of contracting out the process and ultimately determined it was not feasible to contract out only one aspect (i.e., on-site visits) of their case management services. Although DPSS determined they will not be conducting on-site visits, the Department will continue maintaining regular contact with clients by phone and/or in-person meetings to confirm clients are residing at their respective housing locations.</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 auditor.lacounty.gov/audit-process-information.

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