



# Los Angeles Homeless Services Authority

a joint powers authority of the city & county of los angeles

## MINUTES OF THE

### LOS ANGELES HOMELESS SERVICES AUTHORITY FINANCE, CONTRACTS & GRANTS MANAGEMENT COMMITTEE MEETING

Held August 18, 2011

The Los Angeles Homeless Services Authority Finance, Contracts & Grants Management Committee Meeting, held in the LAHSA Administrative Office located at 811 Wilshire Boulevard, 6<sup>th</sup> Floor, Los Angeles, California, was called to order at 2:00 p.m. by Commissioner Larry Adamson, Chair.

#### Attendance

LAHSA Commissioners Present:

Larry Adamson, Chair  
Mike Neely

LAHSA Commissioners Absent:

Ramona Ripston

LAHSA Staff:

Steve Andryszewski, Chief Financial Officer  
Michael Arnold, Executive Director  
Erin Hollander, Board Liaison  
Stuart Jackson, Controller

#### Call to Order/Roll Call/Establishment of Quorum

Roll was called and quorum was established at 2:00 p.m.

#### 1.0 Review and approve minutes of meeting held on July 21, 2011.

**Public Speaker(s):** There were no public speakers.

**Motion:** Commissioner Neely moved and Commissioner Adamson seconded approval of the minutes.

**Action:** The motion passed unanimously.

#### 2.0 Status report on cash balances, accounts receivable, accounts payable & programmatic and administrative YTD budget to actual.

Stuart Jackson, Controller, reported that LAHSA continues to partner with its funders to ensure receivables are collected within an acceptable timeframe; aged payables are monitored to facilitate appropriate cash flow to service providers; and adequate cash balances are maintained to ensure LAHSA meets its administrative expenditure needs.

- **Accounts Receivables:**
  - The \$2.4mm City Consolidated Plan funding remains outstanding due to problems with the City's new accounting and EFT systems. This funding is for agency contracts which began on April 1, 2011.
  - All other receivables have been received with the exception of Huntington Park, which will be received in September.
- **Accounts Payable:**
  - Payables in the 1-30 day past due column have been paid with the exception of the City CDBG Consolidated Plan contracts.
  - Payables in the 31-60 day past due column are related to the City CDBG receivables.
- **Administrative Budget vs. Actual:**
  - There was a brief discussion regarding a \$17K unfavorable variance, which reflects one-time, front loaded costs for LAHSA in the first half of the fiscal year.

- **Programmatic Budget vs. Actual:**

- The City General fund year round program ended on June 30, 2011. LAHSA anticipates a \$33K in savings.
- There was a discussion regarding LAHSA's outreach expenditures for the HPRP Program.
- There was a discussion regarding County ESG funding for emergency shelter contracts.
- Any unspent Supervisorial funds will be reprogrammed by the Supervisors and can be reallocated to another program.

**Public Speaker(s):** There were no public speakers.

### 3.0 Review and approve LAHSA policy and procedure.

- Commissioner Neely requested that this item be continued for full discussion at the next meeting of the FCGM Committee. There is a community meeting scheduled to solicit additional input on this policy prior to final approval.

**Public Speaker(s):** There were no public speakers.

### 4.0 Update on status of LAHSA line of credit usage.

Steve Andryszewski, Chief Financial Office, gave the report:

- Due to a delay in the receipt of administrative cash on approved funding sources, LAHSA has currently drawn down \$575,875 on its line of credit (LOC) to cover essential LAHSA operating costs. Since last month, LAHSA has received funding from the County General fund. However, due to a delay in City funding, the outstanding LOC amount has been reallocated to cover continued gaps in funding which has not yet been received.
- LAHSA will pay down this balance within 24 hours of adequate grant funding being received and continue to report back to the Commission on any balances outstanding over 30 days.

**Public Speaker(s):** There were no public speakers.

### 5.0 Report on status of LAHSA agencies placed on probation.

Steve Andryszewski, Chief Financial Officer, gave the report:

- As required by LAHSA's Remedial Action Policy, staff provided a status report to the Commissioners regarding remedial action sanctions that have been imposed on LAHSA contracted agencies.

#### **People Helping People (PHP)**

- PHP's program ended on June 30, 2011. The agency has been paid up to the full amount of their contract.

#### **Special Service for Groups (SSG) - HPRP**

- SSG-HPRP will remain on probation until the program is able to demonstrate that improvements can be sustained without the Interim Program Manager.

**Public Speaker:** Herb Hatanaka, Executive Director, SSG-HPRP

Mr. Hatanaka presented the Commission with a Corrective Action Plan and a status update of the management transition plan. Mr. Hatanaka requested that SSG-HPRP be removed from probation.

Michael Arnold, Executive Director, noted that pending a close out meeting with the Interim Program Manager in September, there will be a recommendation to remove SSG-HPRP from probation. Commissioner Adamson requested that the FCGM Committee grant the Executive Director the authority to remove SSG-HPRP from probation pending the Executive Director's final review of the agency. This item will be added to the Commission agenda for final approval at the meeting on Friday, August 26, 2011.

#### **MJB Recovery**

- LAHSA monitoring staff performed a quarterly review of MJB Recovery and noted that there is improvement in MJB's infrastructure, policies and procedures. LAHSA staff will

continue to assess the agency's compliance to determine if continued probation is necessary. After the September 9 monitoring visit, LAHSA staff expects that MJB Recovery will be removed from probation.

#### **Beyond Shelter**

- Beyond Shelter was placed on probation as of June 7, 2011, based on non compliance with HUD regulations and LAHSA requirements.
- Beyond Shelter has been responsive to the issues of probation. LAHSA has received the response from Beyond Shelter and is currently working with HUD for approval.

#### **Tarzana Treatment Center**

- Tarzana Treatment Center was placed on probation as of June 7, 2011 due to non compliance with HUD and LAHSA contract regulations. The agency made a significant change by changing a program site address without notifying or receiving prior approval from LAHSA or HUD.
- Tarzana Treatment Center is committed to working with LAHSA and HUD to resolve the issues of probation.

**Public Speaker(s):** There were no public speakers.

### **6.0 Report on status of audits of LAHSA and its subgrantees.**

Steve Andryszewski, Chief Financial Officer, gave the report:

- There was a report on all the open audits with LAHSA and/or its sub recipients.
- **HUD OIG Audit**
  - There is currently an open audit through LAHD of the City of Los Angeles' HPRP Program - the audit of LAHD was issued in October 2010. There were two recommendations: (1) Full documentation should be submitted with every invoice, (2) LAHD will monitor LAHSA's subgrantees and subsubgrantees. LAHSA disagrees with these recommendations, but has worked with HUD and the City to resolve both issues.
  - There are currently three open audits with providers
    - Special Services for Groups - OIG conducted a site visit of the HPRP program and issued a report with approximately \$51K in questioned costs related to client eligibility. Staff believes that the majority of these costs will be substantiated. However, approximately \$2,000 will be disallowed.
    - PATH – OIG conducted a site visit of the PATH HPRP program. Staff believes that the majority of these costs will be substantiated. However, approximately \$8,000 will be disallowed.
    - U.S. Veterans Initiative - U.S. Vets continues to pay \$2,000 a month, with full repayment expected in spring, 2013.
- **A133**
  - LAHSA engaged Mayor Hoffman McCann (MHM) as an independent auditor. MHM began their field review in mid July and will return in November. There will be a report to the Commission in January, 2012.

**Public Speaker(s):** There were no public speakers.

### **7.0 Public Participation**

Bradley Henning, Stakeholder of Historic Downtown, Los Angeles

Mr. Henning discussed the reluctance of the American Association of Planning to take delegation through the Skid Row area because of the poor conditions.

There was a discussion regarding this issue. The Committee noted the importance of inviting visitors and stakeholders to visit downtown Skid Row as part of the overall experience of understanding social issues affecting Los Angeles and to be a part of serving those in need.

### **Adjournment**

The meeting adjourned at 3:00 p.m.