

LOS ANGELES COUNTY AUDITOR-CONTROLLER

John Naimo
AUDITOR-CONTROLLER

Arlene Barrera
CHIEF DEPUTY

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Robert Campbell
DIVISION CHIEF

OFFICE OF COUNTY INVESTIGATIONS

March 12, 2019

Department of Children and Family Services IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2015-10494



NUMBER OF RECOMMENDATIONS

PRIORITY 1

0

CORRECTIVE ACTION REQUIRED
WITHIN 90 DAYS

PRIORITY 2

3

CORRECTIVE ACTION REQUIRED
WITHIN 120 DAYS

PRIORITY 3

0

CORRECTIVE ACTION REQUIRED
WITHIN 180 DAYS



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THIRD DISTRICT

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#2015-10494

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JOHN NAIMO
AUDITOR-CONTROLLER

**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

ADDRESS ALL CORRESPONDENCE TO:
OFFICE OF COUNTY INVESTIGATIONS
500 W. TEMPLE ST., ROOM 515
LOS ANGELES, CA 90012-3756

March 12, 2019

TO: Bobby D. Cagle, Director
Department of Children and Family Services

FROM: Robert G. Campbell, Chief
Office of County Investigations

SUBJECT: **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
#2015-10494**

During a limited review at the Department of Children and Family Services (DCFS), we noted areas where DCFS can strengthen internal controls over the Los Angeles County Telework Program, departmental policy and procedures administration, and information security. Please see Attachment I, Table of Findings and Recommendations for Corrective Action, for details of our observations and recommendations. The Auditor-Controller's follow-up process and internal control disclosures are included in Attachment II.

Review of Report

We discussed our report with DCFS management. The Department's response (Attachment III) indicates general agreement with our findings and recommendations.

We thank DCFS management and staff for their cooperation and assistance during our review. If you have any questions please call me at (213) 893-0058, or your staff may contact Greg Hellmold at (213) 893-0243.

RGC:GH:vm
IOR-2015-10494

Attachments

c: John Naimo, Auditor-Controller
Audit Committee
Auditor-Controller Audit Division

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2015-10494

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RISK	RECOMMENDATION	P ¹	SUMMARY OF RESPONSE
1	<p>Telework Agreements: Department of Children and Family Services (DCFS or Department) management does not always obtain a Telework Agreement, as required by Board Policy 9.090, for staff who are authorized to telework on a regular basis. Some of these staff may have unconventional work schedules with a significant amount of autonomy and discretion in planning and performing their work assignments making it difficult to manage their productivity without such an agreement.</p>	<p>Informal telecommuting and reporting arrangements could result in Fair Labor Standards Act violations, possible liability for the Department, and may increase the likelihood that participants do not make the most effective and efficient use of their telework arrangements, impacting productivity and undermining the objectives of the telework program.</p>	<p>DCFS management review existing telework arrangements, and ensure that staff who are authorized to telework have approved telework agreements as required by County policy.</p>	2	<p>Agree Target Implementation Date: April 2019</p> <p>DCFS issued a Memo in March 2018 to all staff reminding them that all employees who are participating in Telework, or Mobile Working programs must be properly trained.</p> <p>In December 2018, DHR issued a memo to all staff, reminding them that completion of the Teleworker Training is required for all County employees who will telework, as well as for those who will supervise said workers. The memo also reminded staff that a formal Telework Agreement Form must be completed by the employee and the department prior to initiating a telework arrangement.</p> <p>DCFS is currently reconciling the telework agreements with employees known to be on telework to ensure the files are complete.</p>

¹ **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment IV for definitions of priority rankings.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RISK	RECOMMENDATION	P¹	SUMMARY OF RESPONSE
2	<p>Conflict of Interest Guidelines: We noted instances where DCFS staff who engage in outside employment as counselors or clinicians have encountered current and/or former clients in the course of their work for DCFS, creating the potential for conflicts of interest in fact and appearance. The circumstances of these encounters were not clearly covered in DCFS' existing conflict of interest policy. In addition, DCFS staff we spoke with told us they were not clear on where to find the applicable policies.</p>	<p>Given the critical and highly sensitive nature of DCFS' work, policy ambiguity and/or difficulty locating applicable policies could result in possible conflicts of interest.</p>	<p>DCFS management consult with County Counsel about revisions to the Department's Conflict of Interest Guidelines and Policy to more comprehensively address conflicts of the type noted in our review, including reporting obligations and recusal guidance for clinicians who engage in outside employment where their DCFS duties and responsibilities could intersect with their outside practice or their clients.</p>	2	<p>Agree Target Implementation Date: April 2019</p> <p>Department has consulted with County Counsel about the potential conflict noted in the review, and whether there was a violation. The Department agrees to further consult with County Counsel and will consider revisions to the departments' Conflict of Interest Guidelines and Policy.</p>

¹ **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment IV for definitions of priority rankings.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RISK	RECOMMENDATION	P ¹	SUMMARY OF RESPONSE
3	<p>Security of Client Data and Case Information: We noted instances where DCFS staff forwarded client and case data to a personal e-mail account, which at a minimum violates the County's Acceptable Use Agreement signed by employees, Board Policies 6.100 and 6.101, DCFS Management Directive 11-02, and DCFS Procedural Guide 0600-500.20. The involved staff indicated that they engaged in this conduct for convenience, to avoid carrying two mobile phones, and we noted indications that other DCFS employees may also be engaging in similar practices.</p>	<p>Transmitting protected client data outside of the County's e-mail system, and storing it on third-party sites not under the control and IT governance of the County, increases the risk that such data may be lost or misused, and could result in a breach, though we found no evidence that one occurred in the cases we reviewed. In addition, data transmitted and stored outside of the County's system may not be available to fulfill lawful requests for production, such as in litigation or as directed by the Court.</p>	<p>DCFS management should ensure that staff are aware of and comply with policies on transmitting and safeguarding client and case data, which may include offering and deploying an enterprise mobility security site to employees who would like to access County e-mails on their personal devices. Additionally, DCFS management should work with County Counsel and the Chief Information Security Officer to safeguard and recover any data transmitted outside the County in violation of policy, and take appropriate administrative and/or corrective action to address instances of confirmed non-compliance with County IT security and Departmental policies.</p>	2	<p>Agree Target Implementation Date: April 2019</p> <p>Department will work with the DCFS Chief Information Security Officer to ensure staff are aware of and comply with County and Departmental IT policies regarding the proper use of County Information Assets, including e-mail. The Department will also work with County Counsel and the Chief Information Security Officer regarding these safeguards and the recovery of data transmitted outside of the County.</p>

¹ **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment IV for definitions of priority rankings.

FOLLOW-UP AND INTERNAL CONTROL DISCLOSURES

FOLLOW-UP PROCESS The Auditor-Controller (A-C) has a follow-up process designed to provide assurance to the Board of Supervisors (Board) that departments are taking appropriate and timely corrective action to address audit recommendations. Within six months of the date of an audit report, departments must submit a Corrective Action Implementation Report (CAiR) detailing the corrective action taken to address all recommendations in the report. Departments must also submit documentation with the CAiR that demonstrates the corrective action taken. We will review departments' reported corrective action and supporting documentation, and report the results to the Board. For any recommendations not fully implemented, departments must report the status of corrective action within six months after our first follow-up report is issued.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROLS As indicated in County Fiscal Manual Section 1.0, management of each County department is primarily responsible for designing, implementing, and maintaining a system of internal controls that provides reasonable assurance that important departmental and County objectives are being achieved. Internal controls should sustain and improve departmental performance, adapt to changing priorities and operating environments, reduce risks to acceptable levels, and support sound decision-making.

Management must monitor internal controls on an ongoing basis to ensure that any weaknesses or non-compliance are promptly identified and corrected. The A-C's role is to assist management by performing periodic assessments of the effectiveness of the department's internal control systems. These assessments complement, but do not in any way replace, management's responsibilities over internal controls.

LIMITATIONS OF INTERNAL CONTROLS Any system of internal controls, however well designed, has limitations. As a result, internal controls provide reasonable but not absolute assurance that an organization's goals and objectives will be achieved. Some examples of limitations include errors, circumvention of controls by collusion, management override of controls, and poor judgment. In addition, there is a risk that internal controls may become inadequate due to changes in the organization, such as reduction in staffing or lapses in compliance.



BOBBY D. CAGLE
Director

BRANDON T. NICHOLS
Chief Deputy Director

County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602



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March 4, 2019

TO: Robert G. Campbell, Chief
Office of County Investigations

FROM: Bobby D. Cagle
Director
By Brandon Nichols

RESPONSE TO THE AUDITOR-CONTROLLER'S DEPARTMENT OF CHILDREN AND FAMILY SERVICES – INTERNAL CONTROLS OVER MONITORING EMPLOYEE USE OF THE LOS ANGELES COUNTY TELEWORK PROGRAM, LOCATING DEPARTMENT POLICY, AND SECURITY OF CLIENT DATA AND CASE INFORMATION

Thank you for the opportunity to review the draft of the Auditor-Controller's review of the Department of Children and Family Services' (DCFS) internal controls over monitoring employee use of the Los Angeles County Telework Program, locating department policy, and security of client data and case information. Improvement Opportunities Noted During Limited Review # 2015-10494.

We agree with the recommendations contained in the current report and have already initiated corrective actions for recommendations 1 and 2; we are in the process of implementing corrective actions for recommendation 3.

If you have any questions, please contact me at (213) 351-5600, or your staff may contact Brandon Nichols, Chief Deputy Director, at (213) 351-5607.

BDC:vm

PRIORITY RANKING DEFINITIONS

Auditors use professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if corrective action is not taken and the seriousness of the adverse impact. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a) The quality of services departments provide to the community,
- b) The accuracy and completeness of County books, records, or reports,
- c) The safeguarding of County assets,
- d) The County's compliance with pertinent rules, regulations, or laws,
- e) The achievement of critical programmatic objectives or program outcomes, and/or
- f) The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 90 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.