

AUDITOR-CONTROLLER

Arlene Barrera

ACTING AUDITOR-CONTROLLER

Peter Hughes

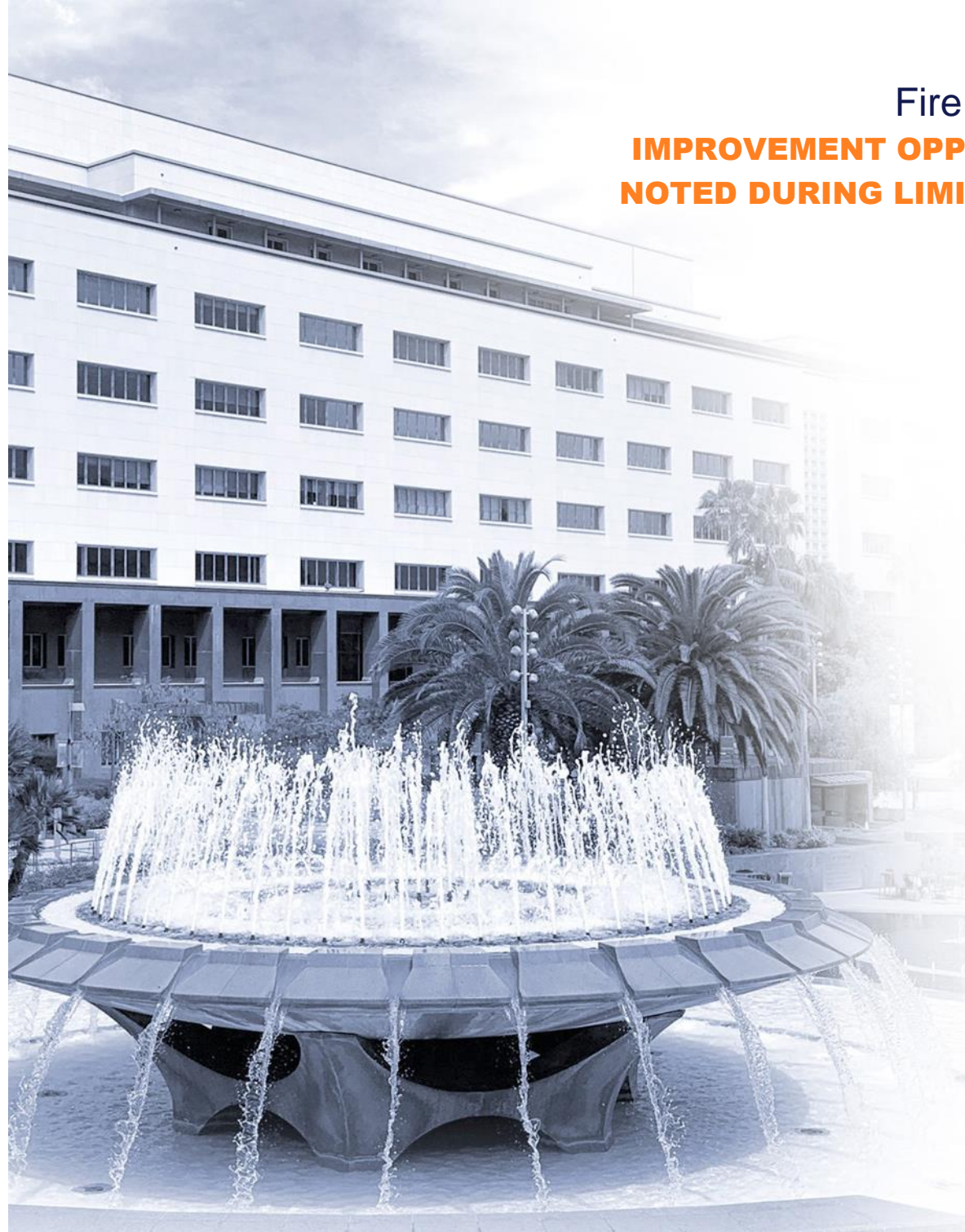
ASSISTANT AUDITOR-CONTROLLER

Robert Campbell

DIVISION CHIEF

OFFICE OF COUNTY INVESTIGATIONS

June 11, 2019



Fire Department **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2017-13194**

NUMBER OF RECOMMENDATIONS	
PRIORITY 1	0
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS	
PRIORITY 2	1
CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS	
PRIORITY 3	0
CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS	



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**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

ARLENE BARRERA
ACTING AUDITOR-CONTROLLER

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

June 11, 2019

TO: Daryl L. Osby, Fire Chief
Fire Department

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

SUBJECT: **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
#2017-13194**

During a limited review at the Los Angeles County Fire Department (Fire), we noted areas where Fire can strengthen its internal controls over Arson Fire Investigation Unit's policies, procedures, and practices for handling collected evidence. 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 Fire management. The Department's response (Attachment III) indicates **general agreement** with our findings and recommendations.

We thank Fire 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 Chief Investigator Greg Hellmold at (213) 893-0243

RGC:GH:TW:gls
IOR-2017-13194

Attachments

c: Arlene Barrera, Acting Auditor-Controller
Audit Committee
Audit Division

**FIRE DEPARTMENT
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2017-13194**

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RISK	RECOMMENDATION	P ¹	SUMMARY OF RESPONSE
1	<p>Evidence Handling: We noted in some instances prior to May 2015, that the Arson Fire Investigation Unit's (AFIU) handling of cash evidence was inconsistent with accepted best practices for law enforcement agencies, due in part to a lack of specific policies and procedures.</p> <p>On December 1, 2015, AFIU issued a staff directive providing some guidance on the seizure of funds during evidence collection. Fire can strengthen guidance to staff in this area by issuing a formal set of policies and procedures and providing formal training to staff.</p>	<p>The lack of formally documented evidence collection and handling procedures increases the risk of improper recording and safeguarding, which could create the appearance of impropriety and, at a minimum, endangers the integrity of AFIU investigations.</p>	<p>Fire management take the following actions before conducting any new AFIU buy-bust operations and/or collecting evidence pursuant to criminal investigations:</p> <ul style="list-style-type: none"> a. Consult with County Counsel, the District Attorney's Office (DA), and Sheriff on legal requirements and best practices for collecting, handling, and safeguarding cash evidence collected during AFIU investigations. b. Expand formal policies and procedures for handling cash evidence arising from AFIU investigations, consistent with the best practices identified by County Counsel, the DA and Sheriff. c. Train AFIU investigators on the new policies and procedures. d. Create a process for conducting periodic, independent reviews to ensure the proper disposition of evidence collected during AFIU buy-bust operations in accordance with the law and/or court instructions. 	2	<p>Agree Target Implementation Date: September 30, 2019</p> <p>Fire's response indicates that before any AFIU buy-bust operations and/or collecting evidence pursuant to criminal investigations they will:</p> <ul style="list-style-type: none"> a. Consult with County Counsel, the DA, and Sheriff on legal requirements and best practices for collecting, handling, and safeguarding cash evidence; b. Expand formal policies and procedures for handling cash evidence consistent with the best practices; c. Train AFIU investigators on the new policies and procedures; and d. Create a process for conducting periodic, independent reviews to ensure the proper disposition of evidence collected during AFIU buy-bust operations in accordance with the law and/or court instructions.

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.



**COUNTY OF LOS ANGELES
FIRE DEPARTMENT**

1320 NORTH EASTERN AVENUE
LOS ANGELES, CALIFORNIA 90063-3294
(323) 881-2401
www.fire.lacounty.gov

"Proud Protectors of Life, Property, and the Environment"

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FIRE CHIEF
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THIRD DISTRICT

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FOURTH DISTRICT

KATHRYN BARGER
FIFTH DISTRICT

June 10, 2019

TO: ROBERT G. CAMPBELL, CHIEF
OFFICE OF COUNTY INVESTIGATIONS

FROM: DARYL L. OSBY, FIRE CHIEF

**RESPONSE TO AUDITOR-CONTROLLER FINDINGS AND RECOMMENDED
CORRECTIVE ACTIONS**

The Department has reviewed the Auditor-Controller's report and is in agreement with the findings and recommendations. The Department will report the corrective actions planned and/or taken to address the recommendations within the respective timeframes established by the priority rankings.

If you have any questions, please contact me at (323) 881-6180, or your staff may contact Chief Deputy Dawnna B. Lawrence, Business Operations, at (323) 881-2478.

DLO:zr

Attachment

**FIRE DEPARTMENT
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2017-13194
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 1: EVIDENCE HANDLING	
A/C Recommendation	<p>Fire management take the following actions before conducting any new AFIU buy-bust operations and/or collecting evidence pursuant to criminal investigations:</p> <ol style="list-style-type: none"> a. Consult with County Counsel, the District Attorney's Office (DA), and Sheriff on legal requirements and best practices for collecting, handling, and safeguarding cash evidence collected during AFIU investigations. b. Expand formal policies and procedures for handling cash evidence arising from AFIU investigations, consistent with the best practices identified by County Counsel, the DA and Sheriff. c. Train AFIU investigators on the new policies and procedures. d. Create a process for conducting periodic, independent reviews to ensure the proper disposition of evidence collected during AFIU buy-bust operations in accordance with the law and/or court instructions.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	<p>The Department will ensure that before any AFIU buy-bust operations and/or collecting evidence pursuant to criminal investigations that we:</p> <ol style="list-style-type: none"> a. Consult with County Counsel, the District Attorney's Office (DA), and Sheriff on legal requirements and best practices for collecting, handling, and safeguarding cash evidence collected during AFIU investigations; b. Expand formal policies and procedures for handling cash evidence arising from AFIU investigations, consistent with the best practices identified by County Counsel, the DA and Sheriff; c. Train AFIU investigators on the new policies and procedures; and d. Create a process for conducting periodic, independent reviews to ensure the proper disposition of evidence collected during AFIU buy-bust operations in accordance with the law and/or court instructions.
Planned Implementation Date	September 30, 2019
Additional Information (optional)²	

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.