



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

OFFICE OF COUNTYWIDE INVESTIGATIONS
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 514
LOS ANGELES, CALIFORNIA 90012

ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

September 21, 2020

TO: Norma E. Garcia, Director
Department of Parks and Recreation

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

SUBJECT: **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
#2015-11404**

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

During a limited review at the Department of Parks and Recreation (Parks), we noted areas where Parks can strengthen its internal controls over Sorensen Park to ensure that program enrollment fees are collected, safeguarded, and deposited. Please see Attachment I, Table of Findings and Recommendations for Corrective Action, for details of our observations and recommendations.

Review of Report

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

We thank Parks management and staff for their cooperation and assistance during our review. If you have any questions please contact me at (213) 893-0058 or rcampbell@auditor.lacounty.gov, or your staff may contact Supervising Investigator Steven Lee at (213) 893-0551 or slee2@auditor.lacounty.gov.

RGC:AMS:SL

Attachments

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

REPORT #OR-2015-11404

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Robert G. Campbell
DIVISION CHIEF

Office of County Investigations

Report #IOR-2015-11404

**DEPARTMENT OF PARKS AND RECREATION
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2015-11404**

BACKGROUND

The Department of Parks and Recreation (Parks or Department) offers a variety of programs and activities for County residents and their families, including the Tiny Tots program that provides activities to prepare children ages three to five for pre-school and kindergarten. Parks offers the program at 22 locations and charges patrons a \$70 monthly program participation fee. The Tiny Tots program collects approximately \$245,000 in participation fees annually, with approximately \$120,000 (49%) in collections from Sorensen Park. During a limited review at Parks, we noted areas where the Department can strengthen its internal controls over collections at Sorensen Park to ensure that program enrollment fees are properly collected, safeguarded, and deposited.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RECOMMENDATION
1	<p>Safe Controls – We found that Sorensen Park management did not adequately control access to Sorensen Park’s safe and could not verify which employees had access. The lax controls over safe access prevented us from conclusively identifying the individual(s) responsible for misappropriating more than \$5,848 in Park program collections. County Fiscal Manual Section 1.1.4 (Safe Controls), states that safe combinations should be restricted to key personnel, and departments should review their safe combinations annually to ensure no events have occurred that would require a change in combinations, among other requirements. OCI shared this finding to Parks prior to the release of our report.</p> <p>Impact: If safe access is not properly controlled and restricted to key personnel, the risk of unauthorized access and/or theft of safe contents, such as program enrollment fees, increases.</p>	<p>Priority 1 - Sorensen Park management:</p> <ul style="list-style-type: none"> a) Ensure employees receive internal control training prior to granting access to safe; a) Document and track employees authorized to access the safe; b) Restrict safe access to key personnel. <p>Department Response: Agree Implementation Date: Immediately</p> <p>District Management who provide oversight of the facility will receive additional training regarding safe access and controls. Additional controls documenting who has safe access at each facility will be put in place January 2019. However, it should be noted that the park supervisor did not receive safe control training in 2015 and was non-compliant.</p>
2	<p>Reconciliation of Program Enrollment Fees – We found that Sorensen Park management does not routinely reconcile program enrollment fees to corresponding records of payments and collection deposits. Parks management indicated that they conduct reconciliations routinely, which is how the \$5,848 discrepancy they reported to OCI was identified. However, our test work revealed that enrollment fees from Sorensen Park</p>	<p>Priority 1 – Parks management:</p> <ul style="list-style-type: none"> a) Implement timely reconciliations of program enrollment fees to records of payments and collection deposits at all facilities operating public-facing programs

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.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>showed discrepancies as far back as January 2012. County Fiscal Manual Section 1.4.2 (Cash Shortages), states that Departmental fiscal managers should closely monitor cash shortages to identify trends or unusual occurrences of cash shortages and should follow up on instances where shortages appear frequently.</p> <p>Impact: Failing to conduct routine reconciliation of program enrollment fees to corresponding records of payment and collection deposits increases the risk of thefts going undetected.</p>	<p>where enrollment fees are collected;</p> <p>b) Closely monitor cash shortages or discrepancies to identify trends and unusual occurrences of cash shortages or discrepancies timely.</p> <p>Department Response: Disagree Implementation Date: NA</p> <p>This case was due to a routine reconciliation by the Recreation Director and the Recreation Manager. Parks management team routinely reconciles collections and deposits at facilities that receive enrollment fees. Upon discovery the information obtain during the process was elevated to the offices of the Auditor-Controller.</p>

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.



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

John Wicker, Director

Norma E. Garcia, Chief Deputy Director

July 13, 2020

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

FROM: Carl Cooper, Deputy Director
South Agency

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER IMPROVEMENT
OPPORTUNITIES NOTED DURING CONFIDENTIAL INVESTIGATION
#2015-11404**

The Department of Parks and Recreation has reviewed the Auditor-Controller's report, findings and recommendations. We discussed these findings and recommendations with our managers responsible for the affected program areas, who indicated general agreement with the recommendations and described the actions they have taken to implement corrective actions.

The following steps have been implemented for your review:

1. Recreation Division Management will continue to conduct periodic reconciliation of payment rosters and cash transfer forms to detect potential theft of program fees. It was during the periodic reconciliation process that the discrepancies were discovered and reported to our Management Services Division. The findings were submitted to your office for further investigation.
2. Ensure that all safe combinations are changed whenever staff is transferred to another work location, or no longer requires access to the safe pursuant to County Fiscal Manual Chapter 1.1.4. Management is also required to periodically conduct an audit of the safes and its content. At this time a review of staff members who have the safe combination should be noted on the monthly park audit form attached. However, it should be noted that the park Supervisor did receive safe control training in 2015 and was non-compliant.

Should you have any questions or require additional information please contact me at 310-965-8602 or you may contact Melinda Roundtree, Regional Recreation Director at 310-965-8608.

Sincerely,

Carl Cooper
Deputy Director

A handwritten signature in black ink, appearing to be 'C. Cooper', written over a large, light-colored oval shape.

CC:ImI
Attachment
c: Mika Yamamoto
Melinda Roundtree