



COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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January 22, 2021

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller [Signature]

SUBJECT: DEPARTMENT OF PUBLIC WORKS – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2018-13858 - SECOND AND FINAL FOLLOW-UP REVIEW

We have completed a second and final follow-up review of the Department of Public Works' (DPW or Department) Improvement Opportunities Noted During Limited Review #2018-13858. We reviewed the status of the one Priority 2 recommendation that had not been fully implemented in our first follow-up report issued March 20, 2020.

As summarized in Table 1, DPW fully implemented the one outstanding Priority 2 recommendation to enhance their controls over outside employment to eliminate real or perceived conflicts of interest.

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

Table with 6 columns: PRIORITY RANKINGS, TOTAL RECOS OUTSTANDING, EXEMPT FROM REVIEW, FULLY IMPLEMENTED, PARTIALLY IMPLEMENTED, NOT IMPLEMENTED. Rows include PRIORITY 1, PRIORITY 2, PRIORITY 3, and TOTAL. A separate cell shows 0 for FINAL OUTSTANDING RECOMMENDATIONS.

Attachment I details our review and the Department's corrective actions.

We thank Department management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:PH:MP:ZP:jl

Attachment

- c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Mark Pestrella, Director, Department of Public Works

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AUDIT DIVISION

Report #K21BX

DEPARTMENT OF PUBLIC WORKS – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2018-13858 - SECOND AND FINAL FOLLOW-UP REVIEW

	RECOMMENDATION	A-C COMMENTS
1	<p>Priority 2 - Department of Public Works (DPW or Department) management work with County Counsel to develop and implement a new policy expressly prohibiting DPW employees from engaging in outside employment activity that may later be subject directly or indirectly to the control, inspection, review, audit, or enforcement of another DPW employee. Once implemented, DPW should instruct supervisors to review their employee’s outside employment declarations and reject any incompatible outside employment.</p> <p>Original Issue/Impact: The Department permitted employees to engage in outside employment performing private land surveying work, which was submitted to DPW for review and approval by other DPW employees. This practice is inconsistent with County Code Section 5.44.010, rules governing conflict of interest. As a result, there was an increased risk for employee conflicts of interest, financial losses, and missed business objectives.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed DPW implemented a new policy that expressly prohibits employees from engaging in any outside employment which could present a conflict of interest and includes criteria for incompatible outside employment (e.g., work subject to review by DPW). We reviewed the policy and confirmed that it is consistent with County Code requirements and responsive to our recommendation.</p> <p>DPW also requires supervisors to scrutinize outside employment forms and reject any incompatible outside employment or any forms lacking sufficient detail to determine if a conflict exists. In addition, supervisors must discuss the policy with employees annually and obtain signed acknowledgement forms from employees indicating they reviewed the policy.</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.