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February 22, 2021

TO: Norma E. García-Gonzalez, Director
Department of Parks and Recreation

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

SUBJECT: **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
#2017-13594**

NUMBER OF RECOMMENDATIONS	
PRIORITY 1	1
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS	
PRIORITY 2	2
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 or Department), we noted areas where Parks can strengthen its management and internal controls over handling non-monetary donations and collecting recreational program fees. 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 Cristina del Rosario at (213) 893-0868 or cdelrosario@auditor.lacounty.gov.

RGC:GH:CDR:jh

Attachments

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

REPORT #IOR-2017-13594

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Robert G. Campbell
DIVISION CHIEF

Office of County Investigations

Report #IOR-2017-13594

DEPARTMENT OF PARKS AND RECREATION IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2017-13594

BACKGROUND

The Department of Parks and Recreation (Parks or Department) operates various recreational programs and activities, and sometimes receives assistance through donations. In Fiscal Year (FY) 2019-20, Parks reported receiving \$42,965 in monetary and \$20,226 in non-monetary donations for various programs, including Junior Lifeguards. The Junior Lifeguard Program provides water safety, swimming, and related skills training to youth between ages nine and seventeen. Parks offers the program at three locations and charges patrons a registration fee of \$275 per session. In FY 2019-20, Parks collected \$30,335 in revenue from Junior Lifeguard Program registration fees. During a review involving Parks donations and Junior Lifeguard program administration, we noted areas where Parks can strengthen its management and internal controls over handling non-monetary donations and collecting recreational program fees.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RECOMMENDATION
1	<p>Handling of Non-monetary Donations – We noted that Parks staff improperly accepted non-monetary donations exceeding \$1,000 without obtaining required approvals from Parks management, and without documenting the receipt and subsequent use of the donated items.</p> <p>For example, we found that a Parks manager at Bonelli Park received non-monetary donations (i.e., amusement park tickets) totaling \$52,388 over a three-year period (FY 2014-15 to FY 2016-17) without notifying or obtaining approval from Parks management, and improperly distributed the donations without ensuring that they were ultimately used for the intended public purpose of supporting Parks’ Junior Lifeguard Program.</p> <p>Parks Policy Manual (PPM) #609 states that a monetary or non-monetary donation with a value of \$1,000 or more requires Deputy Director approval and over \$2,500 requires the Director’s approval prior to acceptance.</p> <p>PPM #609 also requires Parks to file quarterly reports with the Board of Supervisors (Board) that include all monetary and non-monetary donations received, regardless of the amount or value.</p> <p>In addition, PPM #609 states that the Department’s donations contact, or the person responsible for conducting a program with donated funds, is responsible for maintaining complete and accurate records of receipts and</p>	<p>Priority 1 - Parks management:</p> <p>a) Update Parks’ donation policy to require that staff track the disposition of all non-monetary donations, to ensure donations are only used for public purposes.</p> <p>b) Train applicable Parks staff on County and Department policies and procedures for accepting non-monetary donations.</p> <p>c) Prepare revised Board donation reports for FY 2014-15 to FY 2016-17 to account for the \$52,388 of unreported donations.</p> <p>Department Response: Agree</p> <p>Target Implementation Date: April 21, 2021</p>

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>expenditures. However, this policy does not require documentation of the use of non-monetary donations.</p> <p>Impact:</p> <ul style="list-style-type: none"> • Increased risk of misappropriation, theft, and/or misuse of donations • Non-compliance with County donation reporting requirements • Impaired management and Board oversight of significant donations 	
<p>2 Improper Program Fee Waivers – We noted that Parks staff improperly waived recreational program fees for family members of Department employees. For example, between 2016 and 2019 we noted 23 instances where Junior Lifeguard Program fees were waived for participants who were family members of Parks employees, resulting in lost fee revenue of \$8,595. Staff we interviewed from various Parks facilities indicated that it was a long-standing practice to allow family members to participate for free and claimed this practice was approved by management. However, we found no documentation of management authorizing these program fee waivers.</p> <p>Generally, unless the Board has delegated authority to waive or adjust fees, fee waiver requests must be agendized and approved by the Board. We found no indication that these waivers were covered by delegated authority or approved as required.</p> <p>Impact:</p> <ul style="list-style-type: none"> • Lost revenue from recreational programs • Improper gift of public funds • Lack of accountability over recreational program participants and program fee collections 	<p>Priority 2 - Parks management:</p> <p>a) Develop and implement internal controls over recreational program fee collections to ensure that required fees are collected for all participants. This could be accomplished, in part, by reconciling program collections with the number of participants in each program.</p> <p>b) Develop and implement a process to document and track fee waiver requests, and ensure every fee waiver is subject to a consistent and legally sufficient review and approval process.</p> <p>c) Review other Parks recreational programs to identify improper or unaccountable fee waivers, and consult with County Counsel about resolving uncollected program fees from prior periods.</p> <p>d) Develop and distribute a formal policy on program fee waivers for Parks staff and their family members.</p> <p>Department Response: Agree</p> <p>Target Implementation Date: May 21, 2021</p>

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>3 Conflict of Interest Code Requirements – We noted that some Parks employees who make and/or participate in making procurement and/or contracting decisions are not included in the Department’s Board-approved conflict of interest code, and therefore are not required to file an annual Statement of Economic Interests (Form 700).</p> <p>For example, the position of Regional Parks Superintendent III at Bonelli Park is responsible for approving purchases and providing decision makers with information related to the performance of concessionaires and service contractors of the park, but the position classification is not listed as a required Form 700 filer in Parks’ Conflict of Interest Code, and the incumbent in that position did not file a Form 700 between 2005 and 2008, and between 2011 and 2014.</p> <p>Pursuant to Government Code (GC) Section (§) 87301 and 87302, local government agencies are required to adopt conflict of interest codes tailoring the disclosure requirements to the types of governmental decisions a person holding a position makes. In creating the conflict of interest code, GC § 87302(a) instructs local government agencies to enumerate positions within the agency “which involve the making or participation in the making of decisions which may foreseeably make a material effect on any financial interest for each such enumerated position” (i.e., the focus is on the types of decisions that person makes, and the potential to affect that person’s financial interests).</p> <p>Impact:</p> <ul style="list-style-type: none"> Increased risk that employees could personally benefit from a decision made in their capacity as a government employee. 	<p>Priority 2 - Parks management:</p> <p>a) Update Parks’ Conflict of Interest Code to include all employees who make or participate in making procurement and/or contracting decisions.</p> <p>b) Train impacted employees on their Form 700 reporting obligations.</p> <p>Department Response: Agree</p> <p>Target Implementation Date: May 21, 2021</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.



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION
"Parks Make Life Better!"

Norma E. García-González, Director

Alina Bokde, Chief Deputy Director

February 3, 2021

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

FROM: Norma E. García-González
Director, Department of Parks and Recreation

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER FINDINGS
AND RECOMMENDED CORRECTIVE ACTIONS
REPORT #IOR-2017-13594**

The Department has reviewed the Auditor-Controller's report and agrees with the findings and recommendations. Attached is the Department's plan of corrective action.

If you have any questions, please feel free to contact me, or your staff may contact Kevin Regan, Deputy Director, at (626) 369-8693.

KR:bg

Attachment

ISSUE 1: HANDLING OF NON-MONETARY DONATIONS	
A-C Recommendation	<p>Parks Management:</p> <p>1A. Update Parks' donation policy to require that staff track the disposition of all non-monetary donations, to ensure donations are only used for public purposes.</p> <p>1B. Train applicable Parks staff on County and Department policies and procedures for accepting non-monetary donations.</p> <p>1C. Prepare revised Board donation reports for FYs 2015-17 to account for the \$52,388 of unreported donations.</p>
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	<p>The Department will review and update the P&R donation policy (PM #609) to ensure proper custody and distribution of monetary or non-monetary are in compliance with County's Fiscal Manual Section 2.4.2.</p> <p>The Department has re-trained affected staff regarding proper donation and reporting policies. Bonelli Park manager has not accepted monetary and non-monetary donations since 2018. The Department agrees to continue to train staff regarding County and Department donation policies as recommended in this report.</p> <p>The Department will investigate and revise the Board of Supervisors donation report as needed for FYs 2015-17.</p>
Planned Implementation Date	April 21, 2021
Additional Information (optional)²	

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. The Department should include any other information in the Additional Information section that follows.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 2: IMPROPER PROGRAM FEE WAIVERS	
A-C Recommendation	<p>Parks Management:</p> <p>2A. Develop and implement internal controls over recreational program fee collections to ensure that required fees are collected for all participants. This could be accomplished, in part, by reconciling program collections with the number of participants in each program.</p> <p>2B. Develop and implement a process to document and track fee waiver requests and ensure every fee waiver is subject to a consistent and legally sufficient review and approval process.</p> <p>2C. Review other Parks recreational programs to identify improper or unaccountable fee waivers and consult with County Counsel about resolving uncollected program fees from prior periods.</p> <p>2D. Develop and distribute a formal policy on program fee waivers for Parks staff and their family members.</p>
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	<p>The Department will review and implement internal controls for all recreation programs. In March 2020, the Department implemented "ActiveNet." The web-based program manages program registration, fee collection, receipts and generate reports for auditing purposes. This program will enhance internal controls for all recreation programs.</p> <p>The Department will consult with County Council on fee waivers and tracking. Guidance from County Council will determine if fee waivers are warranted; to include staff and their family members. If applicable, a formal policy will be implemented to track fee waivers to include, eligible participants, requirements, approval process, tracking and management responsibilities.</p> <p>As part of the implementation process, staff will be formerly trained and instructed on appropriate business practices.</p>
Planned Implementation Date	May 21, 2021
Additional Information (optional)²	

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² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 3: CONFLICT OF INTEREST CODE REQUIREMENTS	
A-C Recommendation	<p>Parks Management:</p> <p>3A. Update Parks' Conflict of Interest Code to include all employees who make or participate in making procurement and/or contracting decisions.</p> <p>3B. Train impacted employees on their Form 700 reporting obligations.</p>
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	<p>The Department will update Conflict of Interest Code to include employee classifications that participate in procurement and contracting decisions. These classifications will be required to submit an annual Statement of Economic Interests (Form 700).</p> <p>Employee classifications impacted by the change will be trained on their obligations to submit the annual Statement of Economic Interests (Form 700).</p>
Planned Implementation Date	May 21, 2021
Additional Information (optional)²	

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