



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

**OFFICE OF COUNTY INVESTIGATIONS
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 514
LOS ANGELES, CALIFORNIA 90012-3557**

ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS:

**PETER HUGHES
KAREN LOQUET
CONNIE YEE**

October 14, 2021

TO: Mark Pestrella, Director
Department of Public Works

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

SUBJECT: **DEPARTMENT OF PUBLIC WORKS – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (REPORT #IOR-2018-14398) - SECOND AND FINAL FOLLOW-UP REVIEW**

We completed a second and final follow-up review of the Department of Public Works’ (DPW or Department) Improvement Opportunities Noted During Limited Review dated January 30, 2020 (Report #IOR-2018-14398). We reviewed the status of the one Priority 1 recommendation that was not fully implemented prior to our first follow-up report issued on February 24, 2021.

As summarized in Table 1, DPW needs to fully implement the one outstanding Priority 1 recommendation to enhance their internal controls over voided transactions. DPW should report back to the Audit Committee on the final status of this recommendation when it is fully implemented.

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

PRIORITY RANKINGS	TOTAL RECOS OUTSTANDING	EXEMPT FROM REVIEW	RECOMMENDATION IMPLEMENTATION STATUS		
			FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	1	0	0	1	0
PRIORITY 2	0	0	0	0	0
PRIORITY 3	0	0	0	0	0
TOTAL	1	0	0	1	0
					1

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 contact me at (213) 893-0058 or via e-mail at rcampbell@auditor.lacounty.gov, or your staff may contact Supervising Investigator Tim Takara at (213) 893-0918 or via e-mail at ttakara@auditor.lacounty.gov.

RGC:GH:TT

Attachment

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

Report #F2-2018-14398

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Robert Campbell
DIVISION CHIEF

Office of County Investigations

Report #F2-2018-14398

DEPARTMENT OF PUBLIC WORKS
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
(REPORT #IOR-2018-14398) – SECOND AND FINAL FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 – Department of Public Works (DPW) management should:</p> <p>a) Implement physical and/or logical controls within the Development and Permit Tracking System (DAPTS) to require supervisor approval of voided transactions and eliminate the ability for someone to unilaterally void receipts.</p> <p>b) Ensure that supervisors reconcile voided transactions daily and follow-up on any discrepancies.</p> <p>Original Issue/Impact: Systems that lack physical or logical security controls to prevent a single user from voiding transactions expose the County and customers to potential losses from improper and unaccountable voids and increase the potential for fraud and theft.</p>	<p>Recommendation Status: Partially Implemented</p> <p>a) Not Implemented. DPW informed us that the Building & Safety Division (BSD) is replacing their legacy cashing system, DAPTS, with Electronic Permitting and Inspections for the County of Los Angeles (EPIC-LA), which is the County’s name for Tyler Technologies’ “off-the-shelf” EnerGov web-based application software. However, neither of these systems offer this feature. The EnerGov platform is currently used by several County departments as well as various jurisdictions across California and in other states. BSD started but does not have an estimated date of when they will fully transition to EPIC-LA. Per DPW, any software changes would be made at Tyler Technologies’ discretion and determination that the requested change will benefit the community of users, is a high priority, and meets their vision for the software.</p> <p>DPW reported they submitted a system modification request to Tyler Technologies on March 11, 2020 requesting a software change requiring supervisor approval to process any voids. Tyler Technologies has not yet made a decision whether or not they plan to make the requested change to the software.</p> <p>b) Partially Implemented. We confirmed that both DAPTS and EPIC-LA automatically generate and send a daily “Void Report” to supervisors which allows them to independently reconcile voided transactions. This is a manual process where supervisors sign and date the daily reports to document their review. Due to COVID-19 and the closure of County offices, there are no in-person transactions and there have not been any voided transactions to review, or a record of such reviews for us to examine to determine if the process is functioning as intended and providing assurance that voided transactions are properly reconciled.</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.

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.