



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

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March 20, 2020

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*

SUBJECT: **DEPARTMENT OF PUBLIC WORKS – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2018-13858 – FIRST FOLLOW-UP REVIEW**

We have completed a follow-up review of Department of Public Works (DPW or Department) Improvement Opportunities Noted During Limited Review #2018-13858. As summarized in Table 1, DPW has partially implemented the single recommendation from this review. The Department should fully implement this recommendation to eliminate real or perceived conflicts of interest arising from outside employment activities.

Table 1 – Results of First Follow-up Review

PRIORITY RANKINGS	TOTAL RECOS	RECOMMENDATION IMPLEMENTATION STATUS		
		FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	0	0	0	0
PRIORITY 2	1	0	1	0
PRIORITY 3	0	0	0	0
TOTAL	1	0	1	0
			1	

Attachment I provides details of our review and the Department’s corrective actions. We will follow up and report back on the one outstanding Priority 2 recommendation.

We thank DPW 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 Pirollo at (213) 253-0100.

AB:PH:MP:ZP:rs

c: Mark Pestrella, Director, Department of Public Works

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IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2018-13858
FIRST 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. As a result, there was an increased risk for employee conflicts of interest, financial losses, and missed business objectives.</p>	<p>Recommendation Status: Partially Implemented</p> <p>The Department developed a new Conflict of Interest, Gifts, and Outside Employment Policy, which was approved and uploaded to their intranet site on February 10, 2020. We reviewed the policy and verified that it is consistent with County Code requirements and responsive to our recommendation. The Department is in the process of instructing supervisors on their responsibility to scrutinize outside employment declarations for incompatible outside employment.</p> <p>Department management indicated that they plan to have this recommendation fully implemented by March 31, 2020.</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.