



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

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December 21, 2021

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

FROM: Mike Pirolo, Chief   
Audit Division

SUBJECT: **DEPARTMENT OF PARKS AND RECREATION - IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (CASE #2017-12981) – SECOND AND FINAL FOLLOW-UP REVIEW**

We completed a second and final follow-up review of the Department of Parks and Recreation’s (DPR or Department) Improvement Opportunities Noted During Limited Review (Case #2017-12981) dated July 10, 2018. We reviewed the status of one Priority 2 recommendation that had not been fully implemented in our first follow-up report issued August 20, 2020. While we generally schedule follow-up reviews six months after report issuance, this follow-up was delayed due to other higher priority assignments. The Department also indicated they experienced delays in responding to Auditor-Controller requests due to limited staffing and the negative impact the COVID-19 pandemic had on DPR operations.

As summarized in Table 1, DPR needs to fully implement the one outstanding Priority 2 recommendation to enhance their inventory controls over high-value plumbing supplies.

**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	0	0	N/A	N/A	N/A
PRIORITY 2	1	0	0	1	0
PRIORITY 3	0	0	N/A	N/A	N/A
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 call me, or your staff may contact Mike Pirolo at [mpirolo@auditor.lacounty.gov](mailto:mpirolo@auditor.lacounty.gov).

AB:OV:MP:JO:cg

Attachment

c: Arlene Barrera, Auditor-Controller  
Audit Committee  
Office of Countywide Investigations

# LOS ANGELES COUNTY AUDITOR-CONTROLLER

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## AUDIT DIVISION

Report #K21EG

### DEPARTMENT OF PARKS AND RECREATION – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (CASE #2017-12981) - SECOND AND FINAL FOLLOW-UP REVIEW

	RECOMMENDATION	A-C COMMENTS
<p>1</p> <p><b>Priority 2</b> - The Department of Parks and Recreation (DPR or Department) management should ensure the North Agency and all other DPR agencies:</p> <ol style="list-style-type: none"> <li>1) Implement an inventory recordkeeping system to track the purchase and usage of high-value materials on each job.</li> <li>2) Perform an annual inventory count and investigate any discrepancies between expected amounts versus actual amount of inventory on hand to properly account for materials.</li> <li>3) Require employees to document and account for the materials used in each job and consider requiring staff take before/after digital photos or another comparable means of documenting the scope of work performed and materials used.</li> </ol> <p><b>Original Issue/Impact:</b> DPR did not have an inventory recordkeeping system or processes to track and account for the high-value plumbing supplies (e.g., water heaters and copper pipes) purchased and used for each job, including the beginning and ending balances of their supplies inventory (i.e., perpetual inventory records), as required by Parks Policy No. 439 and County Fiscal Manual Section 5.2.6. These weaknesses increase the risk for the loss or theft of plumbing supplies going undetected. DPR estimated they spent approximately \$206,000 on plumbing supplies during Fiscal Year (FY) 2019-20 and \$823,040 in FY 2020-21. DPR indicated the increase in expenditures during FY 2020-21 was primarily due to a \$500,000 purchase to upgrade hand dryers at various recreational facilities.</p>	<p><b>Recommendation Status: Partially Implemented</b></p> <p>The intent of the recommendation is to implement inventory controls over high-value plumbing supplies. We confirmed DPR is in the process of implementing a new inventory system by reviewing the Department’s contract with the system vendor. The system will help maintain perpetual inventory records, facilitate inventory counts, and upload digital photos of completed jobs to account for supplies used.</p> <p>In addition, we confirmed that in the interim, DPR developed a temporary inventory recordkeeping process that requires each agency to maintain perpetual inventory records, by reviewing a sample of the records with beginning and ending balances of their supplies inventory. We also confirmed DPR established alternative controls to separately track and document the plumbing supplies purchased and used for each job by reviewing logs for supplies purchased and used, and photos for a completed job. <b>However</b>, DPR indicated that due to limited staffing and the negative impact the COVID-19 pandemic had on their operations, they have not performed an annual physical count to account for all plumbing supplies.</p> <p>DPR management should fully implement this recommendation to decrease the risk for the loss or theft of plumbing supplies going undetected. DPR should also document their interim inventory recordkeeping and annual physical count processes in their written standards and procedures.</p> <p>DPR plans to implement the new inventory system and related process, including performing a physical count and reconciliation, by June 30, 2022.</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](http://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.