



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

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December 23, 2021

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

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

SUBJECT: **DEPARTMENT OF PARKS AND RECREATION – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (REPORT #IOR-2015-11404) - FIRST AND FINAL FOLLOW-UP REVIEW**

We completed a follow-up review of the Department of Parks and Recreation (Parks or Department) Improvement Opportunities Noted During Limited Review dated September 21, 2020 (Report #IOR-2015-11404). As summarized in Table 1, Parks fully implemented the two Priority 1 recommendations to strengthen controls over Sorensen Park’s program enrollment fees.

Table 1 - Results of First Follow-up Review

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

Attachment I details our review and the Department’s corrective actions. Since Parks implemented the recommendations, this is our first and final follow-up.

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 Supervising Investigator Steven Lee at (213) 893-0551 or slee2@auditor.lacounty.gov.

RGC:GH:SL

Attachment

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

Report #F1-2015-11404

**LOS ANGELES COUNTY
AUDITOR-CONTROLLER**

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Office of County Investigations

Report #F1-2015-11404

**DEPARTMENT OF PARKS AND RECREATION
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
(#IOR-2015-11404) – FIRST AND FINAL FOLLOW-UP REVIEW**

	RECOMMENDATION	A-C COMMENTS
1	<p>Priority 1 – We found that Sorensen Park management did not adequately control access to Sorensen Park’s safe and could not verify which employees had access. The lax controls over safe access prevented us from conclusively identifying the individual(s) responsible for misappropriating more than \$5,848 in the Department of Parks and Recreation (Parks or Department) program collections. County Fiscal Manual Section 1.1.4 (Safe Controls), states that safe combinations should be restricted to key personnel, and departments should review their safe combinations annually to ensure no events have occurred that would require a change in combinations, among other requirements. The Office of County Investigations (OCI) shared this finding to Parks prior to the release of our report.</p> <p>Original Issue/Impact: If safe access is not properly controlled and restricted to key personnel, the risk of unauthorized access and/or theft of safe contents, such as program enrollment fees, increases.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed that Parks provided internal control training to Parks’ line staff, managers, and supervisors with cash handling responsibilities in collection and reconciliation. Parks management provided a sample sign-in sheet for a three-hour Cash Collection Training (CCT) class dated April 17, 2019. Parks Management also provided an e-mail that showed the Department held four CCT classes in 2019.</p> <p>Parks management provided the training slides for the CCT training and we confirmed that safeguarding County assets and reconciliation of cash receipts and deposits are covered in the training.</p> <p>We confirmed that Parks has a mechanism to track Sorensen Park staff authorized to access the safe. Parks provided a sample of a General Park Audit form dated July 2, 2019 documenting the name of three Sorensen Park staff authorized to access the safe, and the date the combination was last changed (April 10, 2019).</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.

	RECOMMENDATION	A-C COMMENTS
2	<p>Priority 1 – We found that Sorensen Park management does not routinely reconcile program enrollment fees to corresponding records of payments and collection deposits. Parks management indicated that they conduct reconciliations routinely, which is how the \$5,848 discrepancy they reported to OCI was identified. However, our test work revealed that enrollment fees from Sorensen Park showed discrepancies as far back as January 2012. County Fiscal Manual Section 1.4.2 (Cash Shortages), states that Departmental fiscal managers should closely monitor cash shortages to identify trends or unusual occurrences of cash shortages and should follow up on instances where shortages appear frequently.</p> <p>Original Issue/Impact: Failing to conduct routine reconciliation of program enrollment fees to corresponding records of payment and collection deposits increases the risk of thefts going undetected.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed Parks conducted program fee reconciliations for Sorensen Park’s after school program fees. The Department provided a sample audit Parks conducted at Sorensen Park on March 12, 2019. The document indicated that two Parks staff conducted an audit of program fees collected from August 2018 to March 2019. The audit found three missing registration forms but did not note any missing fees.</p> <p>Parks indicated that the Department has transitioned to online registration, and that cash collection now takes place at District Offices or on special registration days on a quarterly basis. According to Parks, these changes have limited cash handling at the individual park level. Further, Parks indicated that no program fees have been collected since March 13, 2020 due to the COVID-19 pandemic.</p> <p>Parks also provided a Confirmation of Counseling memo issued on November 9, 2019 to a Sorensen Park employee for violation of cash handling policies. The document indicated that on six occasions between September 4 and October 29, 2018, the employee failed to deposit the daily collected program fees totaling over \$300, as required per Parks’ cash handling policies and procedures.</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.