



**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:

ROBERT G. CAMPBELL
KAREN LOQUET
CONNIE YEE

December 28, 2022

TO: Jackie Contreras, Ph.D., Interim Director
Department of Public Social Services

FROM: Greg Hellmold, Chief
Office of County Investigations

By: *Alysa Sersengecti*

SUBJECT: **DEPARTMENT OF PUBLIC SOCIAL SERVICES – IMPROVEMENT
OPPORTUNITIES NOTED DURING LIMITED REVIEW (#IOR-2019-16172)
FIRST FOLLOW-UP REVIEW**

We have completed the first follow-up review of the Department of Public Services (DPSS or Department) Improvement Opportunities Noted During Limited Review dated July 12, 2021 (Report #IOR-2019-16172). As summarized in Table 1, DPSS partially implemented the recommendation to implement internal controls that ensure timely administrative and/or disciplinary action is taken on internal referrals of substantiated employee misconduct. The Department needs to fully implement the outstanding recommendation.

Table 1 - Results of First Follow-up Review

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

For details of our review and the Department's corrective actions, see Attachment. We will perform a second follow-up review and report back on the outstanding recommendation in accordance with our standard procedures.

We thank DPSS management and staff for their cooperation and assistance during our review. If you have any questions please contact me at (213) 893-0243 or ghellmold@auditor.lacounty.gov, or your staff may contact Supervising Investigator Tim Takara at (213) 893-0918 or ttakara@auditor.lacounty.gov.

GH:AMS:TT:gl
Attachment

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

REPORT #F1-2019-16172

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment
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Robert G. Campbell
ASSISTANT AUDITOR-CONTROLLER

Greg Hellmold
DIVISION CHIEF

OFFICE OF COUNTY INVESTIGATIONS

Report #F1-2019-16172

DEPARTMENT OF PUBLIC SOCIAL SERVICES IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (#IOR-2019-16172) FIRST FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 – Department of Public Services (DPSS or Department) management develop and implement formal procedures, consistent with applicable Department of Human Resources (DHR) policies and guidelines, to ensure designated staff:</p> <ul style="list-style-type: none"> a) Notifies all responsible parties of substantiated cases of employee misconduct timely. b) Transmits the notifications via a traceable and verifiable medium, such as e-mail, ideally to a group mailbox so that timely receipt and processing of such notifications is not dependent on any single employee. c) Takes timely administrative and disciplinary actions, particularly in discharge cases involving work-related crimes or other significant misconduct. d) Tracks and ages cases to ensure administrative actions are timely and meet County and Department policies and expectations. e) Are trained on the newly documented procedures. <p>Original Issue/Impact: During our limited review, we noted that DPSS does not have formal/documented procedures to ensure designated staff notifies all responsible parties of substantiated cases of employee misconduct, documents such notifications including the date of referral, and ensures that timely follow up actions are taken.</p> <p>We identified a case where DPSS' Welfare Fraud Prevention and Investigations (WFP&I) Section found a DPSS employee fraudulently obtained \$15,000 in welfare benefits and referred the matter to the District Attorney (LADA), but the Department did not initiate any disciplinary action for approximately 23 months. The Office of County Investigations (OCI) also investigated and substantiated welfare fraud by the same employee,</p>	<p>Recommendation Status: Partially Implemented</p> <p>DPSS' Human Relations Management Branch (HRMB) established and memorialized procedures and responsibilities to manage and track substantiated employee misconduct cases and respective discipline. DPSS' HRMB Human Resources Manager issued a memo dated June 30, 2021, to management overseeing the following DPSS sections: Discipline, Policy, Litigation, and Live Scan (Discipline); IA&ER; and WFP&I. The memo listed each section's responsibilities regarding substantiated employee misconduct cases.</p> <ul style="list-style-type: none"> a) Partially Implemented. The memo indicates IA staff are responsible for logging, preparing, and referring substantiated employee misconduct cases to Discipline. The memo further indicates WFP&I is responsible for notifying IA of all substantiated cases of employee welfare fraud. Further, Discipline is responsible for receiving referrals from IA and taking disciplinary action where applicable. However, the memo does not establish timeframes for: <ul style="list-style-type: none"> • WFP&I to notify IA of substantiated cases of employee welfare fraud misconduct, or • IA to notify Discipline of substantiated cases of employee misconduct they receive or investigate internally. <p>Further, the memo does not include procedures to notify Discipline of substantiated employee misconduct cases investigated by OCI.</p> b) Implemented. DPSS IA and WFP&I established a dedicated e-mail address to receive correspondence including referrals, assessments, follow-ups/updates, and notification of investigation closure. IA and WFP&I also established a secured shared

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
<p>referred our findings to the LADA, and notified DPSS Executive Management to take corrective action.</p> <p>After LADA charged the employee, DPSS' Internal Affairs and Employee Relations (IA&ER) Section investigated and substantiated the employee also falsified time records and submitted fraudulent medical notes. This additional misconduct occurred in part during the interval after the employee was criminally charged. Had DPSS initiated timely disciplinary action, this misconduct would have been prevented since DPSS management ultimately terminated the employee for the misconduct.</p> <p>DPSS management attributed the delay to miscommunication between WFP&I, IA&ER, and Discipline, which was exacerbated by a personnel issue with the administrative manager responsible for discipline. Although the manager attributed the additional delay to the fact the employee was on intermittent medical leave between 2018 and 2020, DPSS management indicated the employee's explanation to us was not consistent with the guidance they provided to their employees handling disciplinary matters, and the employee was counseled for their part in the delay.</p> <p>The lack of formal/documented procedures for handling internal referrals of substantiated criminal and administrative misconduct, particularly when the misconduct arises from or is related to an employee's official duties, may delay administrative or disciplinary action and allow the conduct to continue, resulting in additional losses to the County. Not taking prompt administrative action can also negatively impact employee morale when staff are aware of the misconduct and observe it going unaddressed. While this finding arises from a case in which an employee committed welfare fraud, falsified time records and submitted fraudulent medical notes, documenting formal procedures for handling internal referrals will help ensure the effective handling and disposition of all substantiated administrative and criminal misconduct investigations within the Department.</p>	<p>electronic folder to exchange confidential documents. After receiving a referral from WFP&I, IA will acknowledge it via the dedicated e-mail address. When IA staff receive a substantiated case of employee misconduct, they send a formal memo and supporting documents to Discipline via a second dedicated e-mail address and also send a duplicate hard copy. We examined the dedicated IA and WFP&I Outlook e-mail inboxes, as well as the secured share folder between IA and WFP&I on the DPSS server.</p> <p>c) Partially Implemented. Discipline established timeframes to ensure substantiated employee misconduct cases are received, processed, and finalized within 45-90 days depending on the severity of the misconduct. However, DPSS is not complying with the new timeframes. We reviewed Discipline's monthly list of cases of substantiated misconduct pending disciplinary action and noted that 7 of 10 cases were not completed timely.</p> <p>d) Partially Implemented. IA established two internal monthly reports: 1) a report to document and track the receipt, transfer, and completion of referrals from WFP&I to IA and 2) a report to document IA requests to Discipline. Discipline Section logs all incoming referrals to the Employment Discrimination and Disciplinary Action Tracking System (EDDATS) to age and track referrals received from IA. We reviewed IA and EDDATS reports for March and April 2022 and noted one case that exceeded the established timeframe. Specifically, Discipline's Triage process indicates cases referred to Discipline should be assigned to staff within 10 days of receiving the referral, but we found one case that took 20 days to be assigned. Additionally, given IA's existing procedures, the memo does not address how to track referrals of substantiated employee misconduct cases investigated by OCI. Therefore, the IA and EDDATS reports would not include these cases.</p> <p>e) Partially Implemented. DPSS held a training on July 14, 2021 for staff currently assigned to Discipline regarding Discipline's newly implemented triage process and provided a list of staff that attended the training. However, there was no sign-in sheet or other evidence memorializing that staff actually attended.</p>

RECOMMENDATION		A-C COMMENTS
		Additionally, DPSS did not train IA and WFP&I staff on the new policies and practices to ensure staff are knowledgeable of the new procedures for handling substantiated employee misconduct cases.

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.