



COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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April 11, 2023

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

FROM: Greg Hellmold, Chief [Signature]
Office of County Investigations

SUBJECT: IMPROVEMENT OPPORTUNITIES NOTED DURING
LIMITED REVIEW #2021-18097

Summary box showing: NUMBER OF RECOMMENDATIONS: PRIORITY 1: 2 (Corrective Action Required Within 90 Days), PRIORITY 2: 0 (Corrective Action Required Within 120 Days), PRIORITY 3: 0 (Corrective Action Required Within 180 Days)

During a limited review at the Department of Public Social Services (DPSS or Department), we noted areas where DPSS can strengthen its internal controls over mail received and held on behalf of DPSS participants. Please see Attachment I, Table of Findings and Recommendations for Corrective Action, for details of our observations and recommendations.

Review of Report

We discussed our report with DPSS management. The Department's response (Attachment II) indicates agreement with our findings and recommendations.

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 Tim Takara, Supervising Investigator, at (213) 893-0918 or ttakara@auditor.lacounty.gov.

GH:AMS:TT:jc

Attachments

- c: Oscar Valdez, Interim Auditor-Controller
Audit Committee
Audit Division

# LOS ANGELES COUNTY AUDITOR-CONTROLLER

**Robert G. Campbell**  
Assistant Auditor-Controller

**Greg Hellmold**  
Division Chief

**Office Of County Investigations**

**Report #IOR-2021-18097**

**DEPARTMENT OF PUBLIC SOCIAL SERVICES  
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2021-18097**

**BACKGROUND**

The Department of Public Social Services (DPSS or Department) helps connect members of the public with a variety of social services and programs. To assist unhoused clients who do not have a regular mailing address, DPSS allows them to use their local DPSS office address to receive mail. DPSS accepts mail and negotiable items on behalf of unhoused clients and holds the mail for up to 60 calendar days. Mail is typically processed by a mail clerk whose job duties include picking up, logging, and processing all types of incoming mail - including mail belonging to unhoused clients.

OCI initiated a limited review at DPSS after an unhoused DPSS client reported the theft of a negotiable item mailed to them in care of the DPSS El Monte Office. We found evidence identifying the employee who stole negotiable items belonging to this client and some others. The thefts by this employee, who was performing mail clerk functions, went undetected by the Department.

**TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION**

	<b>ISSUE</b>	<b>RECOMMENDATION</b>
1	<p><b>Mailroom Procedures</b> – We noted that while DPSS has mailroom procedures establishing accountability and security over mail, the El Monte Office mail clerks do not formally document custody of mail items, ensure mail is properly processed, or accurately record the disposition of mail, as required. The following are examples of deficiencies noted at the El Monte Office during our limited review:</p> <ul style="list-style-type: none"> <li>• Mail logs and supporting documents were missing or not completed correctly. Some mail log entries were crossed out, and neither staff nor management could explain the reason or determine the final disposition of some mail items.</li> <li>• Departmental logs did not adequately describe or categorize mail received. For example, we noted that Medi-Cal Benefit Information Cards were regularly documented as “debit cards,” which is inaccurate.</li> <li>• Staff reported working alone to sort and log mail containing negotiable items and/or belonging to unhoused clients, then having a second DPSS employee sign the mail log afterwards. This practice circumvents internal controls for handling cash or negotiable items, which requires double custody during the sorting and logging process.</li> <li>• Staff also do not transfer mail containing negotiable items (checks, debit cards, etc.) and mail belonging to unhoused clients to the cashier in double custody.</li> </ul>	<p><b>Priority 1 - DPSS management:</b></p> <p>a) <b>Reevaluate and reinforce existing departmental procedures for handling, logging, and safeguarding mail received for DPSS unhoused clients.</b></p> <p>b) <b>Formally train staff with mail handling responsibilities on the revised mail procedures and retain documentation of the training.</b></p> <p>c) <b>Ensure a responsible manager or supervisor actively monitors and periodically reviews mail logs and observes mailroom operations to ensure compliance with the procedures.</b></p> <p><b>Department Response: Agree</b> Implementation Date: May 31, 2023</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.

<b>TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION</b>	
<b>ISSUE</b>	<b>RECOMMENDATION</b>
<ul style="list-style-type: none"> <li>Some staff reported they are unclear on procedures and requirements for processing mail. For example, staff disagreed whether they should open mail believed to contain negotiable items. Some reported opening such mail while others told us that mail containing negotiable items should not be opened.</li> <li>Management did not periodically review mail logs or observe staff process mail to ensure controls were functioning appropriately and that procedures were followed.</li> </ul> <p>County Fiscal Manual (CFM) Section 1.3.6 – Collections Received by Mail – Internal Controls, states that two employees should be assigned to open the mail and record receipts. Additionally, supervisors should approve all adjustments to the listing of mail receipts.</p> <p><b>Impact:</b> Insufficient monitoring and management oversight of the mail handling process increases the risk that mail may be lost or stolen without being detected. Incomplete and inadequate documentation and missing records also impair management’s ability to conduct adequate periodic reviews of the program for integrity and compliance, identify misconduct, and hold responsible parties accountable.</p>	
<p><b>2</b> <b>Physical Security Controls</b> – DPSS does not maintain adequate physical security over areas where mail is received, processed, and stored. As a result of these control deficiencies, a DPSS employee at the Department’s El Monte Office stole mail belonging to an unhoused participant without being detected. Specific control deficiencies include:</p> <ul style="list-style-type: none"> <li>Mail is regularly left unattended in the front lobby and mail is sorted, logged, and transported in single-custody to the mailroom and cashier room.</li> <li>Staff reported that mail provided to the cashier is stored in an unlocked cabinet throughout the workday. The cabinet is unlocked at the beginning of the day and only locked at the end of the day.</li> <li>DPSS does not have cameras in mail handling/storage areas such as the mailroom and cashier room.</li> </ul> <p><b>Impact:</b> Inadequate physical security controls increase the risk that items received in the mail may be lost or stolen without detection.</p>	<p><b>Priority 1</b> - DPSS management strengthen monitoring of physical security controls over areas where mail is received, processed, and stored, to minimize opportunities for mail to be lost or stolen.</p> <p><b>Department Response: Agree</b>            Implementation Date: May 31, 2023</p>

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.



JACKIE CONTRERAS, Ph.D.  
Director

County of Los Angeles  
**DEPARTMENT OF PUBLIC SOCIAL SERVICES**

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March 23, 2023

**TO:** Greg Hellmold, Chief  
Office of County Investigations

**FROM:**   
Jackie Contreras, Ph.D., Director

**SUBJECT: DEPARTMENT OF PUBLIC SOCIAL SERVICES RESPONSE TO THE  
AUDITOR-CONTROLLER'S FINDINGS AND RECOMMENDED  
CORRECTIVE ACTIONS – REPORT #2021-18097**

The Department has reviewed the Auditor-Controller's report and agrees with both findings and recommendations. As listed in the attached departmental corrective action plan, Finding 1 and 2 are targeted for implementation by May 31, 2023.

Please let me know if you have any questions, or your staff may contact Sheila Early, Division Chief, Research, Evaluation, and Quality Assurance Division, at (562) 908-5879,

JC:lb

Attachments

DEPARTMENT OF PUBLIC SOCIAL SERVICES IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2021-18097 DEPARTMENT ACTION PLAN/RESPONSE ISSUE 1: MAILROOM PROCEDURES	
A/C Recommendation	DPSS management: <ul style="list-style-type: none"> <li>a) Reevaluate and reinforce existing departmental procedures for handling, logging, and safeguarding mail received for DPSS unhoused clients.</li> <li>b) Formally train staff with mail handling responsibilities on the revised mail procedures and retain documentation of the training.</li> <li>c) Ensure a responsible manager or supervisor actively monitors and periodically reviews mail logs and observes mailroom operations to ensure compliance with the procedures.</li> </ul>
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan <sup>1</sup>	<ul style="list-style-type: none"> <li>a) Reevaluate and reinforce existing departmental procedures for handling, logging, and safeguarding mail received for DPSS unhoused clients.</li> </ul> <p style="color: blue;">The Department agrees with the finding.</p> <p style="color: blue;">The Department reevaluated existing mailroom procedures for handling, logging, and safeguarding mail received for DPSS unhoused clients. This process included reviewing all existing mailroom policies and procedures and conducting several office visits to further identify any gaps in the current mailroom procedures.</p> <p style="color: blue;">As a result of the review, we identified the existing departmental policies and procedures need to be revised, consolidated, and streamlined to better support mailroom operations, reinforce day-to-day supervisory monitoring of the mailroom operations, and strengthen our internal controls. Additionally, the Department recognizes the need for current training and ongoing periodic refresher trainings for mailroom staff.</p> <p style="color: blue;">Additionally, the Department will add to the Program Integrity Compliance Officer's (PICO) responsibilities, to conduct random reviews of mailroom staffing to ensure that two employees sort/open mail, and that forms that document the handling of homeless mail are fully completed.</p>

<sup>1</sup> In this section the Department should only describe the efforts they plan to take to implement the recommendation. The Department should include any other information in the Additional Information section that follows.

<sup>2</sup> In this section the Department can provide any background or clarifying information they believe is necessary.

**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.



	<p><b>b) Formally train staff with mail handling responsibilities on the revised mail procedures and retain documentation of the training.</b></p> <p>Based on the findings of the report and the gaps identified during the office visits, existing policy and procedures were compiled, and training was provided to clerical staff and managers on February 28, 2023. A copy of the PowerPoint presentation and record of attendance are attached. Additionally, ongoing periodic trainings will be developed and conducted for mailroom staff.</p> <p>The Department is currently developing a document summarizing mailroom policy and procedures, which will be shared with staff.</p> <p><b>c) Ensure a responsible manager or supervisor actively monitors and periodically reviews mail logs and observes mailroom operations to ensure compliance with the procedures.</b></p> <p>As stated above, additional review responsibilities will be added to PICO to monitor the adherence to mailroom procedures and to ensure that the required forms are completed. The completed PICO Checklist is submitted to District Management and the Department's Line Operations Development (LOD) Section for review. The PICO checklist is kept for three years in a secure folder. Moreover, with the release of the policy and procedures document, a requirement for the Supervising Clerk and Chief Clerk to monitor the mailroom to ensure the district is complying will be added. The Chief Clerk or Supervising Clerk will initial the existing log daily, and this will be randomly reviewed during the PICO observations.</p>
<b>Planned Implementation Date</b>	May 31, 2023
<b>Additional Information (optional)<sup>2</sup></b>	

<sup>1</sup> In this section the Department should only describe the efforts they plan to take to implement the recommendation. The Department should include any other information in the Additional Information section that follows.

<sup>2</sup> In this section the Department can provide any background or clarifying information they believe is necessary.

**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.

<b>ISSUE 2: PHYSICAL SECURITY CONTROLS</b>	
<b>A/C Recommendation</b>	DPSS management strengthen monitoring of physical security controls over areas where mail is received, processed, and stored, such that opportunities for loss or theft of mail are minimized.
<b>Priority</b>	<b>PRIORITY 1</b>
<b>Agree/Disagree</b>	<b>Agree</b>
<b>Department Action Plan<sup>1</sup></b>	<p>The Department agrees with the finding.</p> <p>The Department has physical security controls over areas that contain negotiables, including mail received in DPSS offices. Mailroom access is restricted to mailroom personnel and their supervisors/managers only.</p> <p>The Safeguarding Confidential Information Checklist is completed monthly by the PICO. This checklist ensures that the office's Gatekeeper monitors building access and ensures that the customer's confidential information is safeguarded. The Checklist is reviewed and signed by the District Office Head and their respective Division Chief. The checklist is kept in a secure folder for a period of 12 months. Existing mailroom process will be reinforced with all District Office Heads during LOD's monthly meetings.</p> <p>DPSS Operations Manual Section 23-104.118 requires the physical security of mail if not opened and transferred to appropriate staff within the same day. The mail logs in place establish chain of custody of negotiables when transferred from mailroom to cashier. The added responsibilities to the PICO checklist will include the review of mailroom staffing and the completion of forms that document the handling of unhoused mail.</p> <p>The Department also recognizes that strengthening the day-to-day supervisory monitoring of physical security of handling and securing mail will reduce the potential risk of missing mail items. As such, the Department will evaluate the need to set up cameras in the mail handling/storage areas, such as mailroom and cashier's office, to increase monitoring of negotiables.</p>
<b>Planned Implementation Date</b>	May 31, 2023
<b>Additional Information (optional)<sup>2</sup></b>	

<sup>1</sup> In this section the Department should only describe the efforts they plan to take to implement the recommendation. The Department should include any other information in the Additional Information section that follows.

<sup>2</sup> In this section the Department can provide any background or clarifying information they believe is necessary.

**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.