



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

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September 13, 2023

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

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

SUBJECT: **DEPARTMENT OF PARKS AND RECREATION – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (REPORT #IOR-2017-13594) - FIRST 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 (Report #IOR-2017-13594). As summarized in Table 1, Parks fully implemented two recommendations and partially implemented one recommendation to strengthen its management and internal controls over handling non-monetary donations and collecting recreational program fees. The Department should fully implement the outstanding one recommendation to strengthen controls over this area.

**Table 1 – Results of First Follow-up Review**

| PRIORITY RANKINGS | TOTAL RECOS | RECOMMENDATION IMPLEMENTATION STATUS |                       |                 |
|-------------------|-------------|--------------------------------------|-----------------------|-----------------|
|                   |             | FULLY IMPLEMENTED                    | PARTIALLY IMPLEMENTED | NOT IMPLEMENTED |
| PRIORITY 1        | 1           | 1                                    | 0                     | 0               |
| PRIORITY 2        | 2           | 1                                    | 1                     | 0               |
| PRIORITY 3        | 0           | 0                                    | 0                     | 0               |
| TOTAL             | 3           | 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 one outstanding recommendation.

We thank Parks management and staff for their cooperation and assistance during our review. If you have any questions, please contact me at (213) 893-0243 or [ghellmold@auditor.lacounty.gov](mailto:ghellmold@auditor.lacounty.gov), or your staff may contact Acting Supervising Investigator Graciela Soto at (213) 893-0552 or [gsoto@auditor.lacounty.gov](mailto:gsoto@auditor.lacounty.gov).

GH:SL:GLS:jh  
Attachment

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

**REPORT #F1-2017-13594**

# LOS ANGELES COUNTY AUDITOR-CONTROLLER

**Robert G. Campbell**  
ASSISTANT AUDITOR-CONTROLLER

**Greg Hellmold**  
DIVISION CHIEF

## OFFICE OF COUNTY INVESTIGATIONS

Report #F1-2017-13594

### DEPARTMENT OF PARKS AND RECREATION IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (#IOR-2017-13594) - FIRST FOLLOW-UP REVIEW

| RECOMMENDATION  | A-C COMMENTS  |
|---|---|
| <p><b>1</b> <b>Priority 1</b> – Department of Parks and Recreation (Parks or Department) management:</p> <ul style="list-style-type: none"> <li>a) Update Parks’ donation policy to require that staff track the disposition of all non-monetary donations to ensure donations are only used for public purposes.</li> <li>b) Train applicable staff on County and Department policies and procedures for accepting non-monetary donations.</li> <li>c) Prepare revised Board of Supervisors (Board) donation reports for Fiscal Year (FY) 2014-15 to FY 2016-17 to account for the \$52,388 of unreported donations.</li> </ul> <p><b>Original Issue/Impact:</b> We noted that Parks staff improperly accepted non-monetary donations exceeding \$1,000 without obtaining required approvals from Parks management, and without documenting the receipt and subsequent use of the donated items. For example, a Parks manager received non-monetary donations totaling \$52,388 over a three-year period without notifying or obtaining approval from Parks management, and improperly distributed the donations without ensuring that they were ultimately used for the intended purpose.</p> <p>Parks Policy Manual (PM) #609 states that a monetary or non-monetary donation with a value of \$1,000 or more requires Deputy Director approval and over \$2,500 requires the Director’s approval prior to acceptance. PM #609 also requires Parks to file quarterly reports with the Board that include all monetary and non-monetary donations received, regardless of the amount or value. In addition, PM #609 states that the Department’s donations contact, or the person responsible for conducting a program with donated funds, is responsible for maintaining complete and accurate records of receipts and expenditures.</p> | <p><b>Recommendation Status: Implemented</b></p> <ul style="list-style-type: none"> <li>a) We reviewed Parks’ updated policy PM #609, Donations: Monetary and Material Gifts, Section 5.11, and noted that it included procedures for tracking the disposition of all non-monetary donations made to Parks. We also confirmed that Parks e-mailed the updated policy to all employees by reviewing a copy of the email.</li> <li>b) We confirmed Parks provided training on monetary and material gifts donations including the revised Section 5.11 to applicable permanent personnel by reviewing a sign-in sheet for the training.</li> <li>c) We reviewed and confirmed Parks included the \$52,388 in unreported donations on their revised Statement of Donation Receipts for FYs 2015-17.</li> </ul> |

**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>However, this policy does not require documentation of the use of non-monetary donations.</p> <p>In addition to not complying with County donation reporting requirements, these conditions create an increased risk of misappropriation, theft, and/or misuse of donations. It also impairs management and Board oversight of significant donations.</p>   |   |
| <p><b>2</b> <b>Priority 2</b> – Parks management:</p> <p>a) Develop and implement internal controls over recreational program fee collections to ensure that required fees are collected for all participants. This could be accomplished, in part, by reconciling program collections with the number of participants in each program.</p> <p>b) Develop and implement a process to document and track fee waiver requests, and ensure every fee waiver is subject to a consistent and legally sufficient review and approval process.</p> <p>c) Review other Parks recreational programs to identify improper or unaccountable fee waivers, and consult with County Counsel about resolving uncollected program fees from prior periods.</p> <p>d) Develop and distribute a formal policy on program fee waivers for Parks staff and their family members.</p> <p><b>Original Issue/Impact:</b> We noted that Parks staff improperly waived recreational program fees for family members of Department employees. For example, between 2016 and 2019 we noted 23 instances where Junior Lifeguard Program fees were waived for participants who were family members of Parks employees, resulting in lost fee revenue of \$8,595. Staff we interviewed from various Parks facilities indicated that it was a long-standing practice to allow family members to participate for free and claimed this practice was approved by management. However, we found no documentation of management authorizing these program fee waivers.</p> <p>Generally, unless the Board has delegated authority to waive or adjust fees, fee waiver requests must be agendized and approved by the Board. We found no indication that these waivers</p> | <p><b>Recommendation Status: Implemented</b></p> <p>a) Parks implemented controls over recreational program fee collections by implementing a new system called ActiveNet to handle online registration and collection of all program fees from participants. Further, Parks implemented biannual audits of program fees starting in September 2022. Specifically, we noted Parks reviewed 4 of 1,109 programs offered during their March 2023 audit. Parks indicated they will increase the sample size to 10% of recreational programs for future reviews beginning September 2023, subject to staff availability.</p> <p>b) No longer applicable. As of November 2, 2022, Parks established Directive #0005, which indicates program fees/charges “shall not be waived, adjusted or discounted for any individual, organization, County or Department employees, including any family members and/or friends.” Therefore, Parks does not have any program/participation fee waivers to track.</p> <p>c) Parks informed us that they did not identify any improper or unaccountable fee waivers in their reviews described above. Parks will continue to monitor for improper or unaccountable fee waivers during their biannual audits.</p> <p>Additionally, Parks, in consultation with County Counsel, will determine appropriate collection efforts for uncollected recreational program fees by October 31, 2023.</p> <p>d) We verified Parks issued Management Directive #0005 sent to all Parks staff via e-mail on November 2, 2022. The Directive states that any use or program fees/charges “shall not be waived, adjusted or discounted for any individual,</p> |

| RECOMMENDATION   | A-C COMMENTS   |
|--|--|
| <p>were covered by delegated authority or approved as required.</p> <p>These conditions could result in lost revenue from recreational programs, improper gift of public funds, and lack of accountability over recreational program participants and program fee collections.</p>   | <p>organization, County or Department employees, including any family members and/or friends.”</p> <p>We reviewed sign-in sheets and registered paid participants per ActiveNet from multiple Parks programs/locations from June to October 2021, and did not find any instance of fee waivers. We confirmed that all participants who attended the programs paid the requisite program fees.</p>  |
| <p><b>3</b> <b>Priority 2</b> – Parks management update Department Conflict of Interest Code to include all employees who make or participate in making procurement and/or contracting decisions, and train impacted employees on their Statement of Economic Interests (Form 700) reporting obligations.</p> <p><b>Original Issue/Impact:</b> We noted that some Parks employees who make and/or participate in making procurement and/or contracting decisions are not included in the Department’s Board-approved Conflict of Interest Code, and therefore are not required to file an annual Form 700. For example, the position of Regional Parks Superintendent III at Bonelli Park is responsible for approving purchases and providing decision makers with information related to the performance of concessionaires and service contractors at Bonelli Park, but the position classification is not listed as a required Form 700 filer in Parks’ Conflict of Interest Code, and the incumbent in that position did not file a Form 700 between 2005 and 2008, and between 2011 and 2014.</p> <p>Pursuant to Government Code (GC) Section (§) 87301 and 87302, local government agencies are required to adopt conflict of interest codes tailoring the disclosure requirements to the types of governmental decisions a person holding a position makes. In creating the conflict of interest code, GC § 87302(a) instructs local government agencies to enumerate positions within the agency “which involve the making or participation in the making of decisions which may foreseeably make a material effect on any financial interest for each such enumerated position” (i.e., the focus is on the types of decisions that person makes, and the potential to affect that person’s financial interests).</p> | <p><b>Recommendation Status: Partially Implemented</b></p> <p>Parks indicated that they are working with the Board to update their Department Conflict of Interest Code to include all employees who make or participate in making procurement and/or contracting decisions.</p> <p>Pending formal approval of their updated Department Conflict of Interest Code, Parks revised their internal departmental Policy PM #004, Conflict of Interest Disclosure Statements to include 33 additional positions with procurement and/or contracting responsibilities. Parks management also indicated that they will provide formal guidance to impacted personnel.</p> <p>Parks plans to fully implement this recommendation by November 30, 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>RECOMMENDATION</b>   | <b>A-C COMMENTS</b> |
|---|---------------------|
| These conditions increase risk that employees could personally benefit from a decision made in their capacity as a government employee. |                     |

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).

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