



**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

OSCAR VALDEZ
AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS:

MAJIDA ADNAN
ROBERT G. CAMPBELL
CONNIE YEE

October 13, 2023

TO: Mark Pestrella, Director
Department of Public Works

FROM: Greg Hellmold, Chief *by Steven Lee*
Office of County Investigations

SUBJECT: **DEPARTMENT OF PUBLIC WORKS – IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (REPORT #IOR-2019-15040) – FIRST AND FINAL FOLLOW-UP REVIEW**

We completed the first follow-up review of the Department of Public Works (DPW or Department) Improvement Opportunities Report dated October 8, 2020 (Report #IOR-2019-15040). As summarized in Table 1, DPW fully implemented the recommendation to conduct security assessments and implement appropriate security measures to minimize the risk of loss or theft of assets at DPW facilities.

Table 1 - Results of First Follow-up Review

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

For details of our review and the Department’s corrective actions, see Attachment I. Since DPW implemented the recommendation, this is our first and final follow-up.

We thank DPW management and staff for their cooperation and assistance during our review. If you have any questions please contact me at (213) 893-0243 or via e-mail at ghellmold@auditor.lacounty.gov, or your staff may contact Supervising Investigator Kenneth Diaz at (213) 948-2936 or kdiaz@auditor.lacounty.gov.

GH:SL:kd

Attachment

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

Report #F1-2019-15040

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Robert G. Campbell
ASSISTANT AUDITOR-CONTROLLER

Greg Hellmold
DIVISION CHIEF

OFFICE OF COUNTY INVESTIGATIONS

Report #F1-2019-15040

DEPARTMENT OF PUBLIC WORKS IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (#IOR-2019-15040) FIRST AND FINAL FOLLOW-UP REVIEW

	RECOMMENDATION	A-C COMMENTS
1	<p>Priority 1 – Department of Public Works (DPW or Department) management conduct security assessments of DPW facilities where high-value assets and fungible commodities are stored, and develop a risk-based plan to implement appropriate physical security measures, asset tracking, and surveillance equipment to minimize the risk that such assets and commodities are subject to loss or theft.</p> <p>Original Issue/Impact: We found that DPW did not have adequate security measures (e.g., access controls and surveillance) in place to prevent unauthorized access to deter potential theft, and safeguard high-value assets and fungible commodities stored at District facilities. For example, a mobile generator valued at \$250,000 was stolen from Waterworks District 29 – Malibu Topanga Canyon facility, and in an unrelated incident, 1,400 gallons of diesel fuel was stolen from the Road Maintenance District 1 – Temple City facility. We investigated both thefts but were unable to identify the perpetrators or determine when and how the crimes occurred because of deficiencies in physical security at these sites and a lack of video surveillance.</p> <p>County Fiscal Manual Section 6.1.2 – Objective of Internal Control Over Capital Assets, states that controls over capital assets are necessary to safeguard County investments and to establish responsibility for the custody of each asset.</p> <p>Impact: Failure to strengthen access controls and security measures increases the risk of future thefts involving high value assets and fungible commodities.</p>	<p>Recommendation Status: Implemented</p> <p>DPW management conducted a risk assessment of facilities where high-value assets are stored, selected six sites believed to be the most vulnerable, and engaged the Sheriff's Department (Sheriff) to conduct Physical Security Assessments (PSA) and provide recommended corrective actions for the six DPW facilities. We reviewed the PSAs and noted they included Sheriff's assessments and the recommendations for each facility, as well as each facility's responses and implementation plans/dates for Sheriff's recommendations.</p> <p>DPW management indicated that they installed security cameras at DPW facilities where it was feasible and cost-effective. The department provided a sample Purchase Order and Final Inspection/Acceptance for the installation of 15 surveillance cameras and network video recorder at the Road Maintenance District in Baldwin Park. DPW currently contracts with private security guards to monitor facilities after work hours and on weekends as an interim solution to security concerns at facilities without video surveillance.</p> <p>DPW management indicated that, when feasible, portable generators are stored at facilities where video surveillance systems are installed. Further, DPW has installed LoJack (a stolen vehicle recovery system) on most of the Department's generators, and indicated they will install the systems on new generators in the future. DPW management also indicated that they currently conduct weekly inspections of generators not stored under video surveillance.</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.