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DEPARTMENT OF AUDITOR-CONTROLLER**

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December 15, 2023

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

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

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

We completed a second and final follow-up review of the Department of Public Social Services (DPSS or Department) Improvement Opportunities Noted During Limited Review dated July 12, 2021 (Report #IOR-2019-16172). We reviewed the status of one Priority 1 recommendation that had not been fully implemented in our first follow-up report issued December 28, 2022. As summarized in Table 1, DPSS fully implemented the recommendation.

Table 1 – Results of Second and Final Follow-up Review

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

For details of our review and applicable corrective actions, see Attachment.

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:TW:TT:jc
F2-2019-16172

Attachment

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

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OFFICE OF COUNTY INVESTIGATIONS

Report #F2-2019-16172

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

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 – Department of Public Social Services (DPSS or Department) management develop and implement formal procedures, consistent with applicable Department of Human Resources 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 Los Angeles District Attorney's Office (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, referred our findings to the LADA, and notified DPSS Executive Management to take corrective action.</p>	<p>Recommendation Status: Implemented</p> <ul style="list-style-type: none"> a) During our first follow-up review, we noted DPSS' Human Relations Management Branch (HRMB) established and memorialized procedures and responsibilities to manage and track substantiated employee misconduct cases and respective discipline in a memo dated June 30, 2021. However, the memo did not establish timeframes for WFP&I to notify DPSS IA of substantiated cases of welfare fraud misconduct committed by employees nor for IA to notify Discipline of substantiated cases of employee misconduct they receive or investigate internally. <p>For our current review, we confirmed that HRMB management issued an amended memo dated September 29, 2023, that establishes timeframes.</p> <ul style="list-style-type: none"> b) This was fully implemented during our first follow-up review. c) We reviewed Discipline's monthly list of cases of substantiated misconduct pending disciplinary action for June and July 2023 and noted nine of 14 cases were completed within 90 days, which is their established timeframe to receive, process, and finalize cases. We also noted three cases were undergoing the Skelly process or under review by County Counsel, and two were pending a suspension action. d) We reviewed Discipline's monthly list of cases of substantiated misconduct pending disciplinary action for June and July 2023 and noted that it tracks the dates the substantiated cases are received, the date the case was triaged, name of the Discipline staff assigned to the case, status of the case, and completion date.

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>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>Additionally, DPSS management indicated that a recurring managerial report will be generated monthly to monitor the receipt, transfer, and completion of referrals from WFP&I to IA and requests for discipline from IA to Discipline. The report will be generated via the Departmental Work Assignment System. The report will include pending IA and Discipline cases entered into the IA logs and DPSS' Employment Discrimination and Disciplinary Action Tracking System database. This will assist in the tracking of all pending cases and enable the appropriate allocation of priorities to ensure time completion of cases.</p> <p>e) During our first follow-up review, we noted Discipline staff were trained virtually on the new procedures, but DPSS management did not maintain a sign-in sheet or other evidence memorializing they attended the training, and that IA and WFP&I staff were not trained on the new procedures. DPSS management indicated they provided the new policies and procedures to IA and WFP&I staff on June 29, 2021, and we noted e-mail communications between the respective division managers to support they trained responsible staff and implemented the policy. DPSS management agreed to develop mechanisms to record/track the names of virtual training/meeting participants for future trainings.</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.

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