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January 18, 2024

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-2021-18097) - FIRST AND FINAL FOLLOW-UP REVIEW**

We completed the first follow-up review of the Department of Public Social Services (DPSS or Department) Improvement Opportunities Noted During Limited Review dated April 11, 2023 (Report #IOR-2021-18097). As summarized in Table 1, DPSS fully implemented two recommendations to strengthen controls over mail received and held on behalf of DPSS participants.

Table 1 - Results of First Follow-up Review

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

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

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:JDC:ec
F1-2021-18097

Attachment

c: Oscar Valdez, Auditor-Controller
Audit Committee
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OFFICE OF COUNTY INVESTIGATIONS

Report #F1-2021-18097

DEPARTMENT OF PUBLIC SOCIAL SERVICES IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (#IOR-2021-18097) FIRST AND FINAL FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 - Department of Public Social Services (DPSS or Department) management:</p> <p>a) Reevaluate and reinforce existing departmental procedures for handling, logging, and safeguarding mail received for DPSS unhoused clients.</p> <p>b) Formally train staff with mail handling responsibilities on the revised mail procedures and retain documentation of the training.</p> <p>c) Ensure a responsible manager or supervisor actively monitors and periodically reviews mail logs and observes mailroom operations to ensure compliance with the procedures.</p> <p>Original Issue/Impact: Mailroom Procedures – 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"> • 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. • 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. • 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. 	<p>Recommendation Status: Implemented</p> <p>a) DPSS management reevaluated their mailroom procedures and revised DPSS Bureau of Workforce Services, Line Operations Development Section Call-Out (BWS-LOD CO) 23-011 - Mailroom Operations, dated July 20, 2023. We reviewed the Call-Out and noted it establishes policies and procedures for handling, logging, and safeguarding mail received for DPSS unhoused clients. It also includes the revised Public Assistance (PA) 5943, Benefits Identification Card (BIC) Disposition Form – Homeless Clients, which assists in processing and safeguarding negotiables received on behalf of unhoused clients.</p> <p>b) On February 28, 2023, DPSS management provided mailroom procedures training to clerical staff and managers. They provided a copy of the training presentation, and we noted it covered the topics of restricted access, mail handling, types of mail, acceptable mail, negotiables, and forms. They also provided a copy of the training attendance summary, and we noted that it included the training date and a list of the attendees and their e-mail addresses. DPSS management stated they will continue to provide staff with training periodically.</p> <p>c) BWS-LOD CO 23-011 states that management will conduct monthly random checks of the mailroom and unhoused customer areas to ensure compliance with policies and procedures. Additionally, DPSS management indicated that the Program and Integrity Compliance Officer (PICO) will conduct monthly reviews of mailroom operations to include the processing of unhoused customer mail, all forms and logs, identified discrepancies, and adherence to policies and</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.

RECOMMENDATION	A-C COMMENTS
<ul style="list-style-type: none"> • 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. <p>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 and hold responsible parties accountable.</p>	<p>procedures, and annotate the reviews on the PICO checklist, which is a form DPSS uses to conduct various monthly compliance reviews. The PICO will share this with the District Director and Chiefs who will ensure that staff correct any deficiencies. We reviewed a copy of the PICO checklist template revised in May 2023 and confirmed that it includes sections for the monthly review of mailroom operations including mailroom logs, homeless client mail logs, and mailroom clerk procedures to ensure compliance with mailroom policies. The checklist is signed by the District Director and Division Chief to document the review and approval.</p>
<p>2 Priority 1 - 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>Original Issue/Impact: Physical Security Controls – 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"> • 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. • 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. • DPSS does not have cameras in mail handling/storage areas such as the mailroom and cashier room. <p>Inadequate physical security controls increase the risk that items received in the mail may be lost or stolen without detection.</p>	<p>Recommendation Status: Implemented</p> <p>We noted BWS-LOD CO 23-011 limits mailroom access to authorized staff and requires negotiable items received in the district office mailrooms to be logged and securely locked in the Cashier’s office. We also noted the PICO checklist includes a new section for monthly monitoring of mailroom procedures. Additionally, DPSS provided the Safeguarding Confidential Information Checklist, which is completed monthly by the PICO and reviewed and signed by the District Director and the Division Chief. DPSS management indicated they use this form to ensure proper physical security protocols are being followed at departmental facilities, which could include areas where mail is received, processed, and stored. We reviewed the checklist and noted the form identifies specific physical security controls, including restricting unauthorized access and storing negotiables in a locked storage area at the end of the day. DPSS management indicated completed checklists are retained in a secure folder for 12 months.</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.