



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

OSCAR VALDEZ
AUDITOR-CONTROLLER

CONNIE YEE
CHIEF DEPUTY AUDITOR-CONTROLLER

November 22, 2024

TO: Kristin Sakoda, Director
Department of Arts and Culture

FROM: Greg Hellmold, Chief
Office of County Investigations

SUBJECT: IMPROVEMENT OPPORTUNITIES NOTED DURING
LIMITED REVIEW #2024-20985

Summary box showing: NUMBER OF RECOMMENDATIONS. PRIORITY 1: 0 (CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS). PRIORITY 2: 1 (CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS). PRIORITY 3: 0 (CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS).

During a limited review at the Department of Arts and Culture (DAC or Department), we noted opportunities for the Department to strengthen internal controls related to their monitoring of contracted program services. These enhancements will help ensure that services contracts are effectively monitored, and that services and billing rates are consistent with contract terms. 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 DAC management. The Department's response (Attachment II) indicates general agreement with our findings and recommendations.

We thank DAC 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 Kenneth Diaz, Supervising Investigator, at (213) 948-2936 or kdiaz@auditor.lacounty.gov.

GH:SL:KD:cc
IOR-2024-20985

Attachments (2)

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

Robert G. Campbell
ASSISTANT AUDITOR-CONTROLLER

Greg Hellmold
DIVISION CHIEF

OFFICE OF COUNTY INVESTIGATIONS

*Report #*IOR-2024-20985

DEPARTMENT OF ARTS AND CULTURE
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2024-20985

BACKGROUND

The Department of Arts and Culture’s (DAC or Department) Arts Education and Youth Development Division (Arts Education) is responsible for spearheading regional efforts to advance arts education for young people. Arts Education administers and oversees arts-based education programs in public schools, justice-involved and other sensitive youth populations in Probation Department facilities, public housing sites, community parks, and foster homes. DAC contracts with nonprofit community-based organizations (CBOs) to provide these services. Arts Education engages CBOs through the County’s solicitation process, and contracted CBOs deploy teaching artists who deliver in-person arts education. Arts Education staff are responsible for coordinating these services and ensuring that they are delivered in compliance with the terms of the contract.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RECOMMENDATION
1	<p>Inadequate Contract Monitoring and Oversight - We noted the following contracting and monitoring issues during a recent review at Arts Education:</p> <ul style="list-style-type: none"> Arts Education staff directed contracted CBOs to provide services outside the scope of work specified in their contracts. Arts Education staff authorized payments for CBO services at rates not specified in their contracts. An Arts Education employee created a conflict of interest by overseeing a CBO’s contract and deliverables while at the same time participating in a fellowship offered by that CBO. <p>DAC staff attributed these issues to a lack of clarity regarding County policies, specifically in the areas of contracting, contract monitoring, and conflict of interest. Specifically, the staff overseeing these contracts claimed they did not receive any formal training on these topics, a gap acknowledged by DAC management.</p> <p>Board of Supervisors (Board) Policy 5.015, Timely Submission of Contracts for Board Approval, states that for contracts that require Board approval, (as these contracts did), departments may not accept, receive, or allow contractors to perform services until that approval has been obtained.</p>	<p>Priority 2 – DAC management:</p> <p>a) Instruct staff with contractor oversight, monitoring, and invoice review/payment responsibilities on their obligations to ensure contractors only deliver authorized services, bill at approved rates, and comply with other contract terms and conditions.</p> <p>b) Ensure that staff with contractor oversight, monitoring, and invoice review/payment responsibilities are adequately trained on County contracting policies and processes, contract monitoring, and conflicts of interest, and retain documentation of the training and who completed it.</p> <p>Department Response: Agree Implementation Date February 14, 2025</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.


TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>The County's Purchasing Policy and Procedure Manual Chapter 3, Ethical Conduct and Conflict of Interest Guidelines, states that any County employees involved in procurement decisions or who possess the individual ability to influence any solicitation or resultant award process should avoid activities which would compromise or give the perception of compromising the best interest of the County.</p> <p>Impact: The lack of training for staff involved in contract monitoring heightens the risk of inappropriate practices and the potential for fraud, which could compromise the County's contracting and payment processes and result in fraud, waste, or abuse of public funds and a loss of trust in County government.</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.

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.



Kenneth Hahn Hall of
Administration
500 West Temple Street
Room B-79-2
Los Angeles, CA 90012
Tel 213.202.5858
www.lacountyarts.org

DATE: October 17, 2024
TO: Greg Hellmold, Chief
Office of County Investigations
FROM: Kristin Sakoda, Director
Department of Arts and Culture 

Board of Supervisors
Hilda L. Solis
Holly J. Mitchell
Lindsey P. Horvath
Janice Hahn
Kathryn Barger

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER FINDINGS AND
RECOMMENDED CORRECTIVE ACTIONS – REPORT
#2024-20985**

Director
Kristin Sakoda

The Department has reviewed the Auditor-Controller's report and agrees with the findings and recommendations. Attached is the Department's plan of corrective action.

If you have any questions, please contact me at (213) 509-9661, or your staff may contact Heather Rigby, Chief Deputy, at (323) 336-3122.

Attachment

KS:hr

**DEPARTMENT OF ARTS AND CULTURE
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2024-20985
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 1: INADEQUATE CONTRACT MONITORING AND OVERSIGHT	
A/C Recommendation	<p>Department of Arts and Culture management:</p> <p>a) Instruct staff with contractor oversight, monitoring, and invoice review/payment responsibilities on their obligations to ensure contractors only deliver authorized services, bill at approved rates, and comply with other contract terms and conditions.</p> <p>b) Ensure that staff with contractor oversight, monitoring, and invoice review/payment responsibilities are adequately trained on County contracting policies and processes, contract monitoring, and conflicts of interest, and retain documentation of the training and who completed it.</p>
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	<p>The Department will take the following actions by February 14, 2025:</p> <ol style="list-style-type: none"> 1. Department will implement training for staff with contractor oversight, monitoring, and invoice review/payment responsibilities to ensure contractors only deliver authorized services, bill at approved rates, and comply with other contract terms and conditions. Department will maintain records of completion of training by staff. 2. Department will review job duties with Administration and Program staff to clarify and/or document key responsibilities in ensuring Department compliance, training, monitoring, and day to day implementation of County contracting policies and processes. 3. Department will establish policy requiring staff whose job duties include contract management and/or monitoring to be required to take ISD's training, Orientation to Basic Principles in County Contracting and other trainings as appropriate. Such staff will be instructed to register for the next available ISD training. Department will maintain records of completion of such training by staff. 4. Department will issue an annual memo to all staff requiring them to acknowledge receipt of the County Employee Handbook and understanding of County and Department policies.
Planned Implementation Date	February 14, 2025

¹ 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.

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

ISSUE 1: INADEQUATE CONTRACT MONITORING AND OVERSIGHT	
Additional Information (optional)²	<p>The Department took the following actions to communicate to all Department staff the importance of following County policies and standard practices in contract management, including:</p> <ul style="list-style-type: none">- On November 28, 2023, Department Director alerted all Division Directors to remind all staff to ensure compliance with County contracting policies.- On November 29, 2023, Chief Deputy provided staff with an overview of fundamental contracting compliance requirements and policies, and instructed staff to follow such requirements.- Administrative Deputy and Chief Deputy are providing additional oversight of all contracting activities in the Department to ensure compliance and avoidance of improprieties.

¹ 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.

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