



**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

CONNIE YEE
CHIEF DEPUTY AUDITOR-CONTROLLER

March 20, 2025

TO: Ricardo D. García
Public Defender

FROM: Greg Hellmold, Chief 
Office of County Investigations

SUBJECT: **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED
REVIEW #2023-19805**

NUMBER OF RECOMMENDATIONS	
PRIORITY 1	1
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS	
PRIORITY 2	0
CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS	
PRIORITY 3	0
CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS	

During a limited review at Public Defender's Office (PD or Department), we noted areas where PD can strengthen its internal controls over procurement and warehousing to prevent procurement fraud, theft, and/or monetary losses for the department and the County. 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 PD management. The Department's response (Attachment II) indicates general agreement with our findings and recommendations.

We thank PD management and staff for their cooperation and assistance during our review. If you have any questions please call me at (213) 893-0243 or ghellmold@auditor.lacounty.gov, or your staff may contact Acting Chief Investigator, Rhea Celles at (213) 684-5382 or rcelles@auditor.lacounty.gov.

GH:RPC:DWA:JLC
IOR-2023-19805

Attachments (2)

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

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment I
Page 1 of 2

Robert G. Campbell
ASSISTANT AUDITOR-CONTROLLER

Greg Hellmold
DIVISION CHIEF

OFFICE OF COUNTY INVESTIGATIONS

Report #IOR-2023-19805

PUBLIC DEFENDER'S OFFICE IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2023-19805

BACKGROUND

The Los Angeles County Public Defender's Office (PD or Department) has a Fiscal Year 2024-25 adopted budget of \$339.9 million, supporting 1,224 budgeted positions in carrying out its mission to provide high-quality legal representation to individuals who cannot afford private counsel, ensuring fair treatment within the criminal justice system.

PD's Administrative Services Division manages the department's personnel, financial operations, purchasing, contracts, and facilities functions. The Department has a purchase and supplies budget of \$42.2 million to purchase items such as office equipment, office supplies, legal tools and references, client support materials, and other items needed to carry out the work of the Department.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

ISSUE

RECOMMENDATION

<p>1 Segregation of Procurement Duties - During an investigation at PD related to purchasing, we found that one individual had control of all aspects of some procurement transactions (i.e., ordering, approving, and receiving). This individual leveraged those incompatible duties to make several inappropriate purchases and then stole the purchased items, resulting in a loss to the County of at least \$7,885.</p> <p>We also observed that PD management did not have documented policies and procedures for purchasing and warehousing activities, and some procurement and warehouse employees did not have a clear understanding of their roles and responsibilities.</p> <p>Criteria: The Los Angeles County Fiscal Manual (CFM) Chapter 4.1.3, Expenditures - General Internal Controls, states that Department management must ensure that an adequate system of checks and balances (segregation of duties) exists to minimize the risk of fraud and abuse in the procurement/disbursement functions. Management must continually monitor its control system to ensure compliance at all levels of the organization. At a minimum, the following duties must be segregated: (1) Employees ordering goods or services must not approve purchases, receive goods, or account for purchases; (2) Employees approving purchases must be</p>	<p>Priority 1 – PD management:</p> <ul style="list-style-type: none"> a) Develop and implement formal written policies and procedures for procurement, receiving, and warehousing, incorporating clear internal controls and segregating incompatible duties. b) Establish a process for periodic review to assess the effectiveness of these controls and ensure they are operating as intended. c) Train all relevant staff, including procurement officers, warehouse personnel, and department managers, on the new procurement and warehousing policies and procedures. Ensure that all new staff receive the training upon hiring. d) Require staff to sign an acknowledgment form confirming that they have received the training and understand the policies. <p>Department Response: PD agrees with the findings and recommendations. Implementation Date: December 31, 2025.</p>
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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>independent of the ordering function and the receipt and control of goods or services; (3) Employees receiving goods or services and certifying quantities received must not be associated with nor have responsibilities related to ordering the goods/services or accounting for purchases; and (4) Employees making payments for goods or services (i.e., through petty cash funds or the online vendor payment system) must not be associated with or have responsibilities related to the procurement, encumbrance, approval, and receiving functions.</p> <p>CFM § 5.1.1, Supplies - Supply Acquisitions, states that Departmental managers are responsible for establishing controls to ensure that all supply acquisitions are properly authorized and in accordance with County guidelines.</p> <p>CFM § 5.1.2, Supplies - Supervisory Review, states that each department must establish a system whereby proposed acquisitions are reviewed and approved by appropriate supervisory personnel, independent of the acquisition documentation preparation function.</p> <p>CFM § 5.2.3, Supplies - General Controls, states that Department management must ensure the functions of ordering, authorizing, receiving, conducting physical inventories, and recording transactions are adequately separated to ensure that transactions are proper and to minimize the potential for inventory-related defalcations. In addition, all proposed purchases are authorized prior to ordering items and evidenced by an approval requisition, within budget limits, and made in accordance with applicable laws, regulations, agreements, and County purchasing guidelines.</p> <p>Impact: A lack of proper internal controls leads to increased risk of procurement fraud and theft resulting in monetary losses for the Department and the County.</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.



RICARDO D. GARCÍA
Public Defender

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Justine M. Esack
Chief Deputy

John Mathews II
Chief of Staff

March 18, 2025

TO: Greg Hellmold, Chief
Office of County Investigations

FROM: Ricardo D. García
Public Defender

A handwritten signature in black ink, appearing to read "RDG", written over the printed name "Ricardo D. García".

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER FINDINGS AND RECOMMENDED
CORRECTIVE ACTIONS – REPORT #2023-19805**

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 Jon Trochez, Administrative Deputy at (213) 797-9462.

Attachment

RDG:jt

Attachment
Page 1 of 1

PUBLIC DEFENDER'S OFFICE IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2023-19805 DEPARTMENT ACTION PLAN/RESPONSE	
ISSUE: SEGREGATION OF PROCUREMENT DUTIES	
A/C Recommendations	<p>PD management:</p> <ul style="list-style-type: none"> a) Develop and implement formal written policies and procedures for procurement, receiving, and warehousing, incorporating clear internal controls and segregating incompatible duties. b) Establish a process for periodic review to assess the effectiveness of these controls and ensure they are operating as intended. c) Train all relevant staff, including procurement officers, warehouse personnel, and department managers, on the new procurement and warehousing policies and procedures. Ensure that all new staff receive the training upon hiring. d) Require staff to sign an acknowledgment form confirming that they have received the training and understand the policies.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	The department will develop an internal policy and standard operating procedures to enhance internal controls over procurement and warehousing operations. To inform the new procurement policy, the department will review policies and procedures from other departments that are also Shared Services clients. The policy will outline the procurement process, personnel responsibilities, segregation of duties, internal control procedures, required training, and a policy acknowledgment form.
Planned Implementation Date	By December 31, 2025.
Additional Information (optional)²	In 2023, the Department restructured the Facilities, Procurement, and Safety Division, separating the procurement and warehouse functions by modifying its reporting and functional framework.

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

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