



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

OFFICE OF COUNTY INVESTIGATIONS
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November 9, 2020

TO: Norma E. García-Gonzalez, Director
Department of Parks and Recreation

Christina Angeles, Acting District Administrator
Regional Park and Open Space District

FROM: Robert G. Campbell, Chief
Office of County Investigations

SUBJECT: **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
#2020-16662**

NUMBER OF RECOMMENDATIONS
PRIORITY 1 4 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 the Department of Parks and Recreation's (Parks or Department) Regional Park and Open Space District (RPOSD or the District), we noted areas where RPOSD management can strengthen its internal controls over the grant award, administration, and billing processes to prevent improper and/or ineffective use of County grant funds and/or resources. 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 Parks and RPOSD management. The Department's response (Attachment II) indicates agreement with our findings and recommendations. Parks and RPOSD have committed to expediting the resolution of all Priority 1 issues within 45 to 60 days of report issuance, although 90 days is allotted for Priority 1 issues.

We thank Parks and RPOSD management and staff for their cooperation and assistance during our review. If you have any questions please contact me at (213) 893-0058 or rcampbell@auditor.lacounty.gov, or your staff may contact Cristina del Rosario at (213) 893-0868 or cdelrosario@auditor.lacounty.gov.

RGC:AMS:CDR:jh

Attachments

c: Arlene Barrera, Auditor-Controller
Audit Committee
Audit Division

REPORT #OR-2020-16662

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment I
Page 1 of 4

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Robert G. Campbell
DIVISION CHIEF

Office of County Investigations

Report #IOR-2020-16662

REGIONAL PARK AND OPEN SPACE DISTRICT IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2020-16662

BACKGROUND

The Regional Park and Open Space District (RPOSD or the District) is responsible for implementing and administering Measure A, the County Safe, Clean Neighborhood Parks and Beaches Measure of 2016. The Director of the Department of Parks and Recreation (Parks or the Department) serves as the Director of RPOSD, and the County Board of Supervisors serves as the District's Board of Directors. Measure A was approved by voters to continue funding for cities and local communities to protect, enhance, and maintain parks and open spaces in the County. Measure A generates approximately \$100 million per year from taxpayers through an annual special tax of 1.5 cents per square foot of developments on all taxable real property in the County. Measure A also funds the Technical Assistance Program (TAP), which was designed to help public agencies and eligible non-profit organizations gain the skills they need to develop grant proposals, apply for Measure A funding, and manage their park projects or programs once grants are awarded. During a limited review at RPOSD requested by the Parks Director, we noted areas where Parks and RPOSD can strengthen management and internal controls over grant award, administration, and billing processes.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RECOMMENDATION
1	<p>Public Grant Award Process – RPOSD can strengthen its grant award process to ensure that all applicable grants are awarded using a transparent, public, and competitive process. We noted that a former RPOSD executive inappropriately awarded approximately \$3.5 million in TAP grants to various organizations without any public or competitive process. The majority of the awards were for service-based deliverables, and were awarded on a sole source basis, without justification. Various agencies closely involved with RPOSD and the parks community possess the qualifications to have competed for these awards but were not provided any opportunity to do so.</p> <p>Measure A requires that approximately \$3.8 million (3.1% of Measure A funds) be set aside annually for the development of TAP. RPOSD's Measure A Grant Administration Manual (GAM) requires that all grant requests go through an application and review/evaluation process prior to award. The GAM includes general policies to guide the administration of Measure A funds but does not provide specific procedures for awarding and administering TAP grants and other funds within the Measure A funding category titled "Implementation, Operations, and Oversight funding category."</p>	<p>Priority 1 - Parks and RPOSD management:</p> <p>a) Develop and implement policies/procedures to improve oversight of the award and administration of Measure A grants, including for TAP, to ensure that grants are awarded based on a transparent, competitive process wherever possible, and document a sole source or other appropriate justification for all non-competitive awards.</p> <p>b) Train all staff with grant management and solicitation responsibilities on the new policies/procedures, and retain documentation that staff completed the training.</p> <p>Department Response: Agree Implementation Date: December 14, 2020</p> <p>Policies and procedures have been developed and are presently being</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.

<p>The Internal Services Department (ISD) Purchasing Policy Manual, Chapter 6, requires that agreements for goods/services be executed using a competitive solicitation process, unless there is an approved sole source justification. In addition, County Fiscal Manual (CFM) Section 1.0.2 states that Department management is responsible for designing, implementing, and maintaining a system of preventive and detective internal controls, and must monitor internal controls on an ongoing basis to ensure that any weaknesses or non-compliance are promptly identified and corrected.</p> <p>Impacts:</p> <ul style="list-style-type: none"> • Reduced opportunities for qualified organizations and community partners to obtain grants • Lack of competition for awards may prevent RPOSD and the County from ensuring that they are receiving the highest quality services and most favorable pricing • Increased risk that Measure A funds are misspent • Potential for actual and apparent conflicts of interest • Loss of confidence and trust in the District's administration of Measure A funds 	<p>finalized. The policies/procedures will be implemented within 45 days of the date of this report.</p> <p>In addition, RPOSD reports that all relevant personnel were trained in accordance with the recommendations of this report. An intensive two-hour contract training session was held on July 8, 2020. An additional 1.5-hour training was conducted on September 2, 2020. Future trainings are scheduled on a bi-monthly basis.</p>
<p>2 Contractor/Grantee Cash Advances – RPOSD can strengthen its process for reviewing, approving and issuing cash advances to grantees, to ensure that the advances are necessary, appropriate, and properly accounted for. In addition, RPOSD can strengthen its oversight and monitoring of payments to grantees that have received advances to ensure that the advances are recouped and/or offset against billings.</p> <p>We noted RPOSD advanced approximately \$860,000 of Measure A TAP funds to various grantees, without obtaining sufficient documentation or supporting information that the advances were necessary for the grantees to carry out their obligations under the grants and/or were appropriate given the circumstances. Between three and eight months after issuing the cash advances, RPOSD also paid six additional invoices totaling \$444,600 to one grantee who still had a significant amount of cash on-hand remaining from its advance.</p> <p>Measure A allows the District to provide advance payments for up to 50% of a grant award for projects that meet certain criteria. However, such advances should only be made when necessary for the grantees to meet the requirements of their grants, and in accordance with CFM Section 1.1.5.</p> <p>To date, RPOSD has recovered \$588,220 of the improperly advanced funds from the grantees. RPOSD has reconciled</p>	<p>Priority 1 – RPOSD management:</p> <p>a) Develop and implement policies and/or procedures to strengthen controls over grantee cash advances, including criteria and required supporting documentation to justify advance payment requests, and a uniform process for monitoring, recouping and/or offsetting advances to ensure advanced funds are accounted for and ultimately recovered by the District.</p> <p>b) Evaluate the District's current staffing to ensure there is sufficient separation of duties, proper oversight, and supervision of fiscal staff by individual(s) with an appropriate level of experience in accounting, budget, fiscal operations and in the design and implementation of a robust system of internal controls.</p> <p>c) Train staff with grant administration and accounting responsibilities on these new policies and procedures,</p>

<p>and closed 4 of the 5 grants. The recipient of the remaining outstanding grant is preparing a repayment plan for District approval for the balance of its advanced funds.</p> <p>Impacts:</p> <ul style="list-style-type: none"> Increased risk that advanced grant funds may be misspent and/or lost Increased administrative burden for RPOSD to track and recoup/offset advanced funds Appearance of partiality toward grantees which receive unneeded or unjustified advances, and/or who are paid for additional invoices without first expending and recouping/offsetting their advanced funds. 	<p>and retain documentation that staff completed the training.</p> <p>Department Response: Agree Implementation Date: December 14, 2020</p> <p>Policies and procedures have been developed and are presently being finalized. The policies/procedures will be implemented within 45 days of the date of this report.</p> <p>In addition, RPOSD reports that all relevant personnel were trained in accordance with the recommendations of this report. An intensive two-hour contract training session was held on July 8, 2020. An additional 1.5-hour training was conducted on September 2, 2020. Future trainings are scheduled on a bi-monthly basis.</p>
<p>3 Review of Grant Project Costs –RPOSD can strengthen its process and controls over grant project cost monitoring and grantee invoice review, to ensure that grant funds were used for eligible and appropriate project costs before paying grantee invoices. RPOSD can also strengthen its process for communicating project cost eligibility requirements to ensure grantees understand the requirements before starting work on a project.</p> <p>GAM Section 3.4.4 establishes guidelines for eligible and ineligible project costs, but we noted an instance where a grantee billed the District \$278,477 for inappropriate and/or ineligible project costs, and the District authorized and paid the invoices. RPOSD disallowed these costs, had recovered \$67,229 as of the date of this report, and is pursuing repayment of the remaining balance.</p> <p>Impacts:</p> <ul style="list-style-type: none"> Loss of County funds due to overpayments for unallowable costs, work outside the scope of grant agreements, and/or work/services not provided Ineffective use of grant funding that diverts scarce resources from other critical needs Increased administrative costs and effort to review and recover improper payments 	<p>Priority 1 - RPOSD management:</p> <p>a) Develop and implement enhanced processes for reviewing grantee billings to provide reasonable assurance that the billings are appropriate and allowable before they are paid.</p> <p>b) Develop enhanced guidance for grantees to help them understand which project costs are eligible/allowable, communicate that enhanced guidance to grantees, and consider incorporating it into future grant agreements.</p> <p>c) Train staff with grant administration and accounting responsibilities on these new processes and retain documentation that staff completed the training.</p> <p>Department Response: Agree Implementation Date: December 14, 2020</p> <p>Policies and procedures have been developed and are presently being finalized. The policies/procedures will be implemented within 45 days of the date of this report.</p>

		In addition, RPOSD reports that all relevant personnel were trained in accordance with the recommendations of this report. An intensive two-hour contract training session was held on July 8, 2020. An additional 1.5-hour training was conducted on September 2, 2020. Future trainings are scheduled on a bi-monthly basis.
4	<p>Conflicts of Interest – Parks and RPOSD can strengthen Parks’ conflict of interest policy to assist in identifying potential conflicts of interest in appearance or fact between District personnel and prospective grantees.</p> <p>We noted that a former RPOSD executive created the appearance of a conflict of interest by awarding non-competitive TAP grants to agencies, the principals of which we determined she had personal relationships with. The RPOSD executive did not disclose those relationships to Parks management or recuse herself from participating in grant award decisions.</p> <p>Parks Policy Manual Section 4 requires certain personnel to disclose economic interests but does not include guidelines regarding disclosure of non-financial interests (i.e., personal relationships) between District staff and prospective grantees.</p> <p>ISD Purchasing Policy Manual Section A-350 requires procurement decision-makers and individuals with the ability to influence any solicitation or award process to refrain from engaging in any procurement activity in which the individual has a personal or financial interest.</p> <p>Impacts:</p> <ul style="list-style-type: none"> Reduced confidence in the District’s administration of grant funds arising from the appearance of partiality and/or conflicts involving grantees with whom District personnel may have personal or other interests. Potential for improper grant awards and/or the misuse of grant funds 	<p>Priority 1 - Parks and RPOSD management:</p> <p>a) Work with County Counsel to develop enhanced conflict of interest disclosure requirements for personnel who have responsibility for developing or evaluating grant project proposals, approving grant awards, monitoring grantee performance or compliance, and/or accounting for or disbursing grant funds.</p> <p>b) Train applicable staff on the new disclosure requirements, obtain periodic disclosures of any conflicts, and retain documentation that staff completed the training and any disclosures.</p> <p>Department Response: Agree Implementation Date: December 28, 2020</p> <p>Policies and procedures have been developed and are presently being finalized. The policies/procedures will be implemented within 60 days of the date of this report.</p> <p>In addition, RPOSD reports that all relevant personnel were trained in accordance with the recommendations of this report. An intensive two-hour contract training session was held on July 8, 2020. An additional 1.5-hour training was conducted on September 2, 2020. Future trainings are scheduled on a bi-monthly basis.</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.



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Norma E. García-González, Director

October 19, 2020

TO: Robert G. Campbell, Chief
Office of County Investigations

FROM: Norma E. García-González
Director

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER FINDINGS AND
RECOMMENDED CORRECTIVE ACTIONS – REPORT #2020-16662**

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 (626) 588-5373, or your staff may contact Acting Deputy Director Christina Angeles at (626) 588-5024.

Attachment

NEGG:ca:ee

Attached

REGIONAL PARK AND OPEN SPACE DISTRICT IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2020-16662 DEPARTMENT ACTION PLAN/RESPONSE	
ISSUE 1: PUBLIC GRANT AWARD PROCESS	
A-C Recommendation	<p>1A) Develop and implement policies/ procedures to improve oversight of the award and administration of Measure A grants, including for TAP, to ensure that grants are awarded based on a transparent, competitive process wherever possible, and document a sole source or other appropriate justification for all non-competitive awards.</p> <p>1B) Train all staff with grant management and solicitation responsibilities on the new policies/ procedures, and retain documentation that staff completed the training.</p>
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	<p>RPOSD agrees with the recommendations and has already taken steps to implement these recommendations pending release of the Auditor-Controller's Findings. Specifically, RPOSD is revising its Grant Administration Manual (GAM) to include additional oversight and safeguards in various areas, including, without limitation, the awarding of grant funds.</p> <p>In addition, all RPOSD staff were provided with an intensive 2 hour contract training on July 8, 2020. The training was conducted by the current acting District Administrator, qualified based on her 20 years of experience as an attorney with the Office of the County Counsel, and her familiarity with County contracting procedures. An additional 1.5 hour training was conducted on September 2, 2020. Future trainings will occur focused on areas necessary for staff development in adherence to County contracting policies and procedures.</p>
Planned Implementation Date	The revised policy will be finalized and implemented within 45 days of this report. The training has already been conducted and will continue on a bi-monthly basis as needed.
Additional Information (optional)²	

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 2: CONTRACTOR/GRANTEE CASH ADVANCES	
A-C Recommendation	<p>2A) Develop and implement policies and/or procedures to strengthen controls over grantee cash advances, including criteria and required supporting documentation to justify advance payment requests, and a uniform process for monitoring, recouping and/or offsetting advances to ensure advanced funds are accounted for and ultimately recovered by the District.</p> <p>2B) Evaluate the District's current staffing to ensure there is sufficient separation of duties, proper oversight, and supervision of fiscal staff by individual(s) with an appropriate level of experience in accounting, budget, fiscal operations and the design and implementation of a robust system of internal controls.</p> <p>2C) Train staff with grant administration and accounting responsibilities on these new policies and procedures, and retain documentation that staff completed the training.</p>
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	<p>RPOSD agrees with the recommendations and has already taken steps to implement these recommendations pending release of the Findings. Specifically, RPOSD is revising the GAM to include additional oversight and safeguards in various areas, including, without limitation, cash advances. RPOSD will decrease the amount of cash advances made available to grantees; increase the required documentation in order to justify a cash advance; and require grantees to exhaust the cash advance prior to submitting invoices, among other changes.</p> <p>In addition, all RPOSD staff were provided with an intensive 2 hour contract training on July 8, 2020. The training was conducted by the current acting District Administrator, based on her 20 years of experience as an attorney with the Office of the County Counsel, and her familiarity with County contracting procedures and fiscal policies. An additional 1.5 hour training was conducted on September 2, 2020. Future trainings will occur focused on areas necessary for staff development in adherence to County contracting policies and procedures.</p>
Planned Implementation Date	The revised policy will be finalized and implemented within 45 days of this report. The training has already been conducted and will continue on a bi-monthly basis as needed.
Additional Information (optional)²	

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 3: REVIEW OF GRANT PROJECT COSTS	
A-C Recommendation	<p>3A) Develop and implement enhanced processes for reviewing grantee billings to provide reasonable assurance that the billings are appropriate and allowable before they are paid.</p> <p>3B) Develop enhanced guidance for grantees to help them understand which project costs are eligible/allowable, communicate that enhanced guidance to grantees, and consider incorporating it into future grant agreements.</p> <p>3C) Train staff with grant administration and accounting responsibilities on these new processes and retain documentation that staff completed the training.</p>
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	<p>RPOSD agrees with the recommendations and has already taken steps to implement these recommendations pending release of the Preliminary Finding.</p> <p>Specifically, RPOSD is revising the GAM to include additional oversight and safeguards in various areas, including, without limitation, eligible and ineligible expenses, consistent whenever feasible, with similar guidelines established by the State of California; additional supporting documentation for eligible costs; and updated language in RPOSD's standard grant agreement template.</p> <p>In addition, all RPOSD staff were provided with an intensive 2 hour contract training on July 8, 2020. The training was conducted by the current acting District Administrator, based on her 20 years of experience as an attorney with the Office of the County Counsel, and her familiarity with County contracting procedures and fiscal policies. An additional 1.5 hour training was conducted on September 2, 2020. Future trainings will occur focused on areas necessary for staff development in adherence to County contracting policies and procedures.</p>
Planned Implementation Date	The revised policy will be finalized and implemented within 45 days of this report. The training has already been conducted and will continue on a bi-monthly basis as needed.
Additional Information (optional)²	

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 4: CONFLICTS OF INTEREST	
A-C Recommendation	<p>4A) Work with County Counsel to develop enhanced conflict of interest disclosure requirements for District personnel who have responsibility for developing or evaluating grant project proposals, approving grant awards, monitoring grantee performance or compliance, and/or accounting for or disbursing grant funds.</p> <p>4B) Train applicable staff on the new disclosure requirements, obtain periodic disclosures of any conflicts, and retain documentation that staff completed the training and any disclosures.</p>
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan ¹	We will work with Counsel to develop an enhanced conflict of interest policy and disclosure requirements.
Planned Implementation Date	The policy will be implemented within 60 days of the date of this report. Applicable District staff will be trained on the new policy and disclosure requirements upon implementation.
Additional Information (optional) ²	

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.