

Los Angeles County Independent Investigation and Service Contract Review

October 29, 2024

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Scope of Independent Investigation

On October 19, 2021, the Board authorized an independent investigation to:

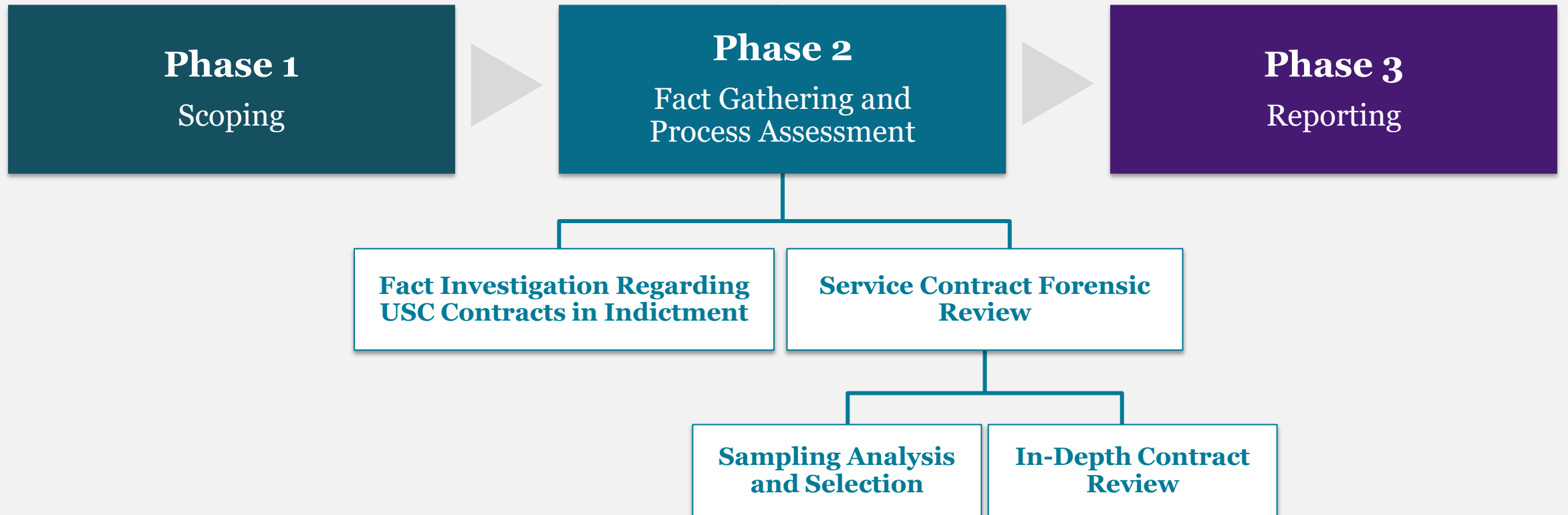
Investigate the service contracts referenced in the federal criminal indictment against a former County official; and



Analyze service contracts with a significant cumulative monetary value approved by the Board between 2008-2020 with the help of a forensic auditor.



Investigative Process Overview



Information Collected



Collected and analyzed background documents related to the indictment and County contracting



Used targeted search terms and machine learning to identify and review ~9,100 documents collected from key County custodians



Received and reviewed ~4,700 documents from USC, trial exhibits, transcripts, and documents from the U.S. Attorney's Office



Collected, aggregated, and analyzed County contracting documents from the County E-Caps, expenditure data, public records, citizen complaints, and vendor master file



Conducted approximately 60 interviews with current and former County and USC employees

Findings Regarding Contract Review

The service contract review, based on the information provided, did not reveal a pattern of corruption and fraud within the County service contracting process during the relevant period (2008-2020). The auditors identified, however, several important process improvement opportunities in the County's systems and controls:

Absence of a centralized repository of complete and accurate contracting data and documents for all contracts.

Absence of a thorough due diligence and vetting process for current and prospective service contractors.

Lack of documentation regarding how sole source and delegated authority contracts were justified and validated.

Issues with contract monitoring across departments and discretionary spend audits.

Lengthy and underutilized process for contractor debarment, suspension, and CARD placement.

Resource constraints in the Auditor-Controller department.

In-person training of departmental personnel regarding procurement fraud is done on an ad hoc basis.

Significant variability in the length of contract terms and the number of extensions awarded.

Lack of preservation of electronic communications on personal devices regarding County business by some County employees.

Summary of Recommendations

Process-Focused

Conflict of Interest-Focused

Recommendations

Process-Focused

- 1. Continue ongoing efforts to centralize contracting documents and data.**
- 2. Enhance procedures to improve competition regarding contract awards and renewals.**
- 3. Enhance contract monitoring procedures.**
- 4. Implement standardized and robust due diligence process for current and prospective vendors.**
- 5. Evaluate the Auditor-Controller's resources.**
- 6. Review and enhance contractor accountability procedures.**

Recommendations

Conflict of Interest-Focused

- 1. Establish and resource a new position of Chief Ethics & Compliance Officer.**
- 2. Implement contracting-specific ethics and conflict of interest training for supervisors, deputies, senior staff in the Chief Executive Office, and relevant departmental personnel.**
- 3. Strengthen “revolving door” policy and training and require “connected persons” hiring policies for County contractors.**
- 4. Streamline and clarify Acceptable Use Agreement language.**
- 5. Enhance safeguards around Board motion practice.**

Conclusion
