



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

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January 10, 2023

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

Christina Angeles, District Administrator  
Regional Park and Open Space District

FROM: Greg Hellmold, Chief   
Office of County Investigations

SUBJECT: **REGIONAL PARK AND OPEN SPACE DISTRICT – IMPROVEMENT  
OPPORTUNITIES NOTED DURING LIMITED REVIEW (REPORT #IOR-2020-  
16662) - FIRST AND FINAL FOLLOW-UP REVIEW**

We completed a first and final follow-up review of the Department of Parks and Recreation's (Parks or Department) and Regional Park and Open Space District's (RPOSD or the District) Improvement Opportunities Noted During Limited Review dated November 9, 2020 (Report #IOR-2020-16662). As summarized in Table 1, Parks and RPOSD fully implemented all four Priority 1 recommendations to strengthen controls over their grant award and administration processes.

**Table 1 - Results of First Follow-up Review**

RECOMMENDATION IMPLEMENTATION STATUS				
PRIORITY RANKINGS	TOTAL RECOs	FULLY IMPLEMENTED	OUTSTANDING RECOMMENDATIONS	
			PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	4	4	0	0
PRIORITY 2	0	0	0	0
PRIORITY 3	0	0	0	0
TOTAL	4	4	0	0
			0	

For details of our review and the Department's corrective actions, see Attachment I. Because Parks and RPOSD implemented the recommendations, this is our first and final follow-up.

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) 893-0243 or [ghellmold@auditor.lacounty.gov](mailto:ghellmold@auditor.lacounty.gov), or your staff may contact Alysa Serdengecti at (213) 893-0575 or [aserdengecti@auditor.lacounty.gov](mailto:aserdengecti@auditor.lacounty.gov).

GH:AMS:GLS:jh

Attachment

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

**REPORT #F1-2020-16662**

# LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment  
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Robert G. Campbell  
ASSISTANT AUDITOR-CONTROLLER

Greg Hellmold  
DIVISION CHIEF

## OFFICE OF COUNTY INVESTIGATIONS

Report #F1-2020-16662

### REGIONAL PARK AND OPEN SPACE DISTRICT IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW (#IOR-2020-16662) – FIRST AND FINAL FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p><b>1</b> <b>Priority 1</b> – Regional Park and Open Space District (RPOSD or the District) management:</p> <p>1A) Develop and implement policies/procedures to improve oversight of the award and administration of Measure A grants, including for Technical Assistance Program (TAP), to ensure 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> <p><b>Original Issue/Impact:</b> We found a former RPOSD executive inappropriately awarded approximately \$3.5 million in TAP grants to various organizations without any public or competitive process.</p> <p>Inadequate oversight of grant award and administration processes increases the risk that Measure A funds are misspent, reduces opportunities for qualified organizations and community partners to obtain grants, and increases the potential for actual and apparent conflicts of interest.</p>	<p><b>Recommendation Status: Implemented</b></p> <p>1A) We confirmed RPOSD revised and republished the Measure A Grant Administration Manual (GAM) in April 2021 and in January 2022, to include the following in Section 2.4.5:</p> <ul style="list-style-type: none"> <li>• Eligibility requirements for entities to apply for TAP grants.</li> <li>• TAP grant evaluation criteria, which includes a breakdown of the three stages of review performed by RPOSD personnel, an internal panel, and RPOSD management.</li> <li>• Measure A project requirements and examples of project priorities (i.e., projects that result in multi-benefits).</li> </ul> <p>1B) RPOSD management trained staff with grant management and solicitation responsibilities regarding new policies/procedures. We reviewed signed attendance sheets provided by RPOSD which indicate District personnel completed the required trainings of new processes for grant and contract administration as of July 2022.</p>
<p><b>2</b> <b>Priority 1</b> – RPOSD management:</p> <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><b>Recommendation Status: Implemented</b></p> <p>2A) We confirmed that in April 2021 and January 2022, RPOSD revised and republished the GAM to include the following requirements regarding grantee cash advances in Section 3.4.4:</p> <ul style="list-style-type: none"> <li>• Grantees must establish a separate fund or account for deposit of RPOSD advance funds.</li> <li>• Advance funds must be deposited into an interest-bearing account. All interest earned belongs to RPOSD and must be returned to RPOSD prior to final payment.</li> </ul>

**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
<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> <p><b>Original Issue/Impact:</b> We found 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.</p> <p>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>Inadequate controls over grantee cash advances increases the risk of misspent and/or lost funds, causes an administrative burden to track and recoup/offset advanced funds, and creates the appearance of partiality toward grantees who receive unneeded or unjustified advances, and/or who are paid for additional invoices without first expending their advanced funds.</p>	<ul style="list-style-type: none"> <li>Grantees requesting fund advances must submit a project spending plan with a list of all expenses that require advance funding, and a detailed explanation on why each expense requires advance payment instead of reimbursement.</li> <li>Grantees must expend or return all advanced funds before requesting reimbursement of additional expenses from the grant award.</li> <li>Only one request for advance funds, at the initiation of the grant, will be allowed per grant.</li> </ul> <p>2B) RPOSD reevaluated their staff resources and organizational structure. In 2021, RPOSD added a new position, Regional Operations Manager, to serve as Assistant District Administrator and ensure appropriate and sufficient oversight over the grants, fiscal, and administration sections. In January 2022, RPOSD hired the new Regional Operations Manager.</p> <p>2C) RPOSD management trained staff with grant management and accounting responsibilities regarding new policies/procedures. We reviewed signed attendance sheets provided by RPOSD which indicate District personnel completed the required trainings on new processes for grant and contract administration as of July 2022.</p>
<p><b>3</b> <b>Priority 1</b> – RPOSD management:</p> <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><b>Recommendation Status: Implemented</b></p> <p>3A) RPOSD implemented a Grants Payment Checklist in October 2021. The checklist requires District personnel to perform the following prior to approving grantee invoices for payment:</p> <ul style="list-style-type: none"> <li>Ensure the Expense Declaration Form is completed. Grantees sign this form under penalty of perjury certifying that reimbursement claims and supporting records submitted are accurate and appropriate.</li> <li>Ensure reimbursement amount is within the budgeted amount for each category line item.</li> <li>Verify the cost is eligible and claimable.</li> </ul>

RECOMMENDATION	A-C COMMENTS
<p>3C) Train staff with grant administration and accounting responsibilities on these new processes and retain documentation that staff completed the training.</p> <p><b>Original Issue/Impact:</b> We found 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.</p> <p>Inadequate controls over the review of grantee billings can result in loss of County funds due to overpayments for unallowable costs, work outside of the grant agreement scope, and/or work or services not provided. It can also result in ineffective use of grant funding that diverts resources from other critical needs, and increased administrative costs and efforts to review and recover improper payments.</p>	<ul style="list-style-type: none"> <li>• Ensure supporting documents are included, such as invoices and credit card receipts.</li> <li>• Verify payment period is after contract execution date and before expiration date (within "Grant Performance Period").</li> <li>• Ensure overhead/indirect cost rate does not exceed 12%, effective after July 1, 2021.</li> </ul> <p>3B) RPOSD revised GAM Sections 3.4.4 and 3.4.8 to include additional guidance and examples of eligible and ineligible grant project costs (e.g., food and beverage costs, receptions, entertainment, use of aircrafts, subscriptions, costs without supporting documentation). We confirmed these changes are included on the updated GAM that was published in April 2021.</p> <p>3C) RPOSD management trained staff with administration and accounting responsibilities regarding new policies/procedures. We reviewed signed attendance sheets provided by RPOSD which indicate District personnel completed trainings on new processes for grant and contract administration as of July 2022.</p>
<p><b>4</b> <b>Priority 1</b> – Parks and RPOSD management:</p> <p>4A) 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>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> <p><b>Original Issue/Impact:</b> We found 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>Inadequate conflict of interest disclosure requirements can increase the risk that grant funds</p>	<p><b>Recommendation Status: Implemented</b></p> <p>4A) We confirmed Parks worked with County Counsel to develop and formalize two policies, Policy Manual (PM) #004, Conflict of Interest Disclosures, and PM #005 Conflict of Interest and Ethical Conduct, on October 31, 2022 and January 28, 2021, respectively. The policies provide guidance on identifying and handling potential and actual conflicts of interest for Department personnel with grantmaking, grant monitoring, contracting, contract monitoring, or procurement responsibilities, including the ability to influence the evaluation, approval, monitoring, and accounting and disbursement process of grant applications, contracts, and awards. The revised policies further require RPOSD supervisory positions to file a Form 700, Annual Statement of Economic Interests each year.</p> <p>4B) RPOSD management trained staff regarding the new disclosure requirements. We reviewed RPOSD's Receipt and Employee Acknowledgment Forms signed by District personnel, which show personnel acknowledged receipt of PM #005 by September 2022. RPOSD management also</p>

RECOMMENDATION		A-C COMMENTS
	can be improperly awarded or misused. It can also cause 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.	distributed PM #004 to all RPOSD employees on November 7, 2022. Further, we reviewed signed attendance sheets provided by RPOSD which indicate District personnel attended the Conflict of Interest and Ethical Conduct training as of November 2022.

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](https://auditor.lacounty.gov/audit-process-information).