

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

RECEIVED MAY - 8 2009

DATE: May 6, 2009

TO: Farid Saffar, Director
Auditing Division, Office of the Controller

FROM:  Selwyn Hollins, Acting Assistant General Manager
Department of Transportation

**SUBJECT: STATUS OF RECOMMENDATIONS – REVIEW OF THE DEPARTMENT OF
TRANSPORTATION'S FISCAL YEAR 2007-2008 INTERNAL CONTROL
CERTIFICATION PROGRAM (ICCP)**

In response to your memorandum dated April 9, 2009, the Los Angeles Department of Transportation is providing the attached status report on the audit findings and recommendations regarding our Internal Control Certification Program for Fiscal Year 2007-08. The information includes a completed audit worksheet and supporting documentation.

If you have any questions, please call Nelson Vinson, Internal Auditor III, at (213) 972-5969.

SH:NV:nv

c: R. Robinson
N. Vinson

Attachments

OFFICE OF THE CONTROLLER AUDITING DIVISION
LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Department: Transportation
Review of the Department of
Transportation's Fiscal Year 2007-2008
Internal Control Certification Program
(ICCP)
Date of Report: October 7, 2008

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response
			Department of Transportation management should:		
1	Assessable functions were not determined based on an effective risk assessment, resulting in material functions and operations not being evaluated.	1	Identify the assessable units based on a risk assessment to ensure adequate coverage of the Department's operations, particularly high risk areas.	I	A new list of assessable units based on risk assessment was submitted in the November 6 2008 response to findings and recommendations.
2	The Department has lost an estimated \$648,000 in parking citation revenue because it has not conducted timely investigations of parking citation complaints. In addition, the Department is at risk of losing \$1,080,000 in revenue per year if it does not process complaints timely. Currently, no staff has been assigned to investigate complaints.	2	Hire and train the seven as-needed staff as soon as possible to ensure timely processing of backlogged Complaint Investigations (CI).	I	Five "as-needed" AHEs started on October 6, 2008, (one resigned one week later). Two more were hired on December 8, 2008. The seventh position was filled on January 20, 2009. All investigations issued in 2008 have now been completed, and there were no citations dismissed due to "Untimely Investigations" since January, 2009.
		3	Monitor to ensure administrative reviews of parking citations are conducted in a timely manner to avoid any future backlogs.	I	Monitoring is done on a weekly and monthly basis to ensure timely administrative reviews of parking citations. An access database keeps track of the daily work activities of the staff.

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 LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Department: Transportation
 Review of the Department of
 Transportation's Fiscal Year 2007-2008
 Internal Control Certification Program
 (ICCP)
 Title of Audit Report: October 7, 2008
 Date of Report:

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response
3	DOT does not consistently follow up outstanding accounts receivables to ensure it maximizes collections.	4	Ensure that delinquent accounts receivable are closely monitored and that collections are made in compliance with the City's collection procedures.	PI	Follow up with project managers is done on completed projects. Will provide status report of completed projects with retention money due to the Department by October 31, 2009. The Business Solutions group lost staff and the project completion date for this new accounts receivable system is extended to October 2009. Limited follow up on delinquent accounts receivable are done to comply with the collection procedures.
4	DOT cannot ensure that all the parking meters are collected as scheduled.	5	Expediently work towards utilizing the new GPS technology in handheld devices in order to ensure that all parking meters are collected as scheduled.	PI	Handhelds are now in operation and all parking meters are collected as scheduled. Duncan Solutions is currently working with the Meter Shop to purge the parking meter inventory . Once this is completed, the handhelds will be fully utilized to get reliable data from the parking meters for improved accounting coin collections and billing accuracy.

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 (ICCP)
 Title of Audit Report: October 7, 2008
 Date of Report:

Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response
5	DOT has not performed a physical inventory of computer equipment in at least four years. Also, the Department has 16 new computers and 20 new monitors which were purchased over one year ago that are still in storage.	6	Ensure that the Department conducts a biennial inventory of computer equipment to reflect the current location of the equipment and the name of the employee assigned to the equipment in the Service Desk Online system.	PI	Completed 10% of the task. New target date for completion of the project is Sept. 4, 2009.
		7	Facilitate the deployment of new computer equipment to put them into service as soon as possible. In addition, future equipment purchases should be based on the Department's needs.	I	The BIS had completely deployed to Parking Facilities Division and various Bureaus the 16 new computers and new monitors identified in the audit.

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 Transportation's Fiscal Year 2007-2008
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 Title of Audit Report: October 7, 2008
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Finding Number	Summary Description of Finding	Rec. No.	Recommendations	Current Status	Auditee's Response
6	Stolen equipment is not reported to the Controller's Office as required.	8	Ensure all stolen items are promptly reported to the Controller's Office.	I	DOT's procedures for reporting lost, stolen, damaged City property has been revised and implemented. See DOT Revised Manual of Policies and Procedures Section 171.

I - Implemented
 PI - Partially Implemented or In Progress
 NI - Not Implemented
 D - Disagree

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: November 6, 2008

TO: Farid Saffar, Director
Auditing Division, Office of the Controller

FROM: 
Rita L. Robinson, General Manager
Department of Transportation

SUBJECT: **REVIEW OF THE DEPARTMENT OF TRANSPORTATION'S FISCAL YEAR 2007-2008 INTERNAL CONTROL CERTIFICATION PROGRAM**

This is our response to the findings and recommendations in your audit of October 7 2008 regarding our Internal Control Certification Program (ICCP).

Finding No. 1 – Assessable functions were not determined based on an effective risk assessment, resulting in material functions and operations not being evaluated.

Recommendation No. 1 – Identify the assessable units based on a risk assessment to ensure adequate coverage of the Department's operations, particularly high risk areas.

DOT Response:

DOT had actually identified all of the assessable units, however, it had not fully assigned the assessable fiscal functions in each assessable unit (i.e. the cash and revenue function were not included in assessing the operation of the Bureau of Franchise Regulation and Parking Operation Support). We are submitting a list that includes the additional assessable fiscal functions of each assessable unit (Bureau, Division, Unit or field locations) to ensure adequate coverage of the assessment of the Internal Control Program implemented by the department. This will be used as our basis in conducting the next ICCP survey.

Finding No. 2 – The Department has lost an estimated \$648,000 in parking citation revenue because it has not conducted timely investigations of parking citation complaints. In addition, the Department is at risk of losing \$1,080,000 in revenue per year if it does not process complaints timely. Currently, no staff has been assigned to investigate complaints.

Recommendation No. 2 – Hire and train the seven as-needed staff as soon as possible to ensure timely processing of backlogged Complaint Investigations (CIs).

DOT Response:

On August 1, 2008, LADOT received an approved unfreeze request for seven (7) as-needed field investigator positions. On August 14 and 15, LADOT interviewed 11 candidates for these positions, selected five candidates to conduct the field investigations and began an intensive training program on October 6, 2008 which consisted of review of the Los Angeles Municipal Code, California Vehicle Code, Uniform Code of Traffic Control Devices (specifically parking

signs and curb markings) and traffic safety. Although the Department initially anticipated having all seven staff begin this training on October 6, there were not enough qualified candidates to fill all the positions. As such, the department has begun the recruiting process to fill the additional vacancies.

On October 9, 2008, the department began deploying the newly hired staff into the field to begin the field investigation process. During the first four (4) days of field activity, each investigator averaged 40 completed investigations. This was five more than originally anticipated.

The current staffing plan is highlighted below:

- Three (3) Field Investigators focus on the daily CI's (generally between 80 and 110). The reason more Field Investigators are assigned to the daily CIs is because collection data has shown that decisions made earlier in the process are more likely to be paid.
- One and one-half (1.5) Field Investigators concentrate on reducing the existing backlog, and
- One and one-half (1.5) Field Investigators focus on the CI's that can be completed without a field investigation.

Recommendation No. 3 – Monitor to ensure administrative reviews of parking citations are conducted in a timely manner to avoid any future backlogs.

DOT Response:

Monitoring and Quality Control is currently ongoing (weekly and monthly). The Ombudsman staff review the investigator's findings for accuracy in accordance with the California Vehicle Code; and an Access database keeps track of the daily work activities of the staff (including Valid vs. Not Valid decisions).

Finding No. 3 – DOT does not consistently follow up outstanding accounts receivables to ensure it maximizes collections.

Recommendation No. 4 – Ensure that delinquent accounts receivable are closely monitored and that collections are made in compliance with the City's collection procedures.

DOT Response:

DOT Bureau of Accounting will perform comprehensive follow up of inactive projects to higher-level management in DOT and other City departments. This will facilitate timely final accounting of completed projects and early recovery of retention moneys.

Temporary Traffic Sign Services and Pipeline Franchise Fees

In May 2008, the Business Solutions Group was established by reassigning professional staff from different division within our Office of Finance and Administration (OFA). The group reports directly to the OFA Assistant General Manager and utilizes technology, analysis and training to address workplace challenges and enhance organizational performance. The success of the group's effort is measured by greater operational efficiencies, improved customer service and revenue growth. The group has partnered with the Bureau of Accounting to build a web-based application to replace a cumbersome accounts receivable process. The existing process is

burdened with layers of different software systems, redundancies of information, and heavy volumes of paperwork. The new system will streamline revenue collections through a centralized data network, enhanced reporting capabilities, expedited processing of transactions, and increased frequency of billings and bank deposits. The target date for project completion is December 2008. The completion of this new accounts receivable system being developed by the DOT Business Solutions Group will ensure implementation of this recommendation.

Finding No. 4 – DOT cannot ensure that all the parking meters are collected as scheduled.

Recommendation No. 5 – Expeditiously work towards utilizing the new BPS technology in handheld devices in order to ensure that all parking meters are collected as scheduled.

DOT Response:

The Department is making every effort to accurately develop the handheld to audit each meter, identify and establish a count for the meters collected. The Department is also developing the maps for all Parking Meter Zones via GIS. Once completed every parking meter in these zones will be identified and will generate accurate information that will assist in collection, scheduling, and other relevant needed data.

Meantime, all parking meters are being collected promptly as scheduled. The parking meter rate increase has recently caused minor disruption in the collection process as the changes are incorporated in all the Parking Meter Zones (PMZs). All rate changes are expected to be completed by December 2008. MIS could develop a final collection schedule by the end of January 2009.

Finding No. 5 – DOT has not performed a physical inventory of computer equipment in at least four years. Also, the Department has 16 new computers and 20 new monitors which were purchased over one year ago that are still in storage.

Recommendation No. 6 – Ensure that the Department conducts a biennial inventory of computer equipment to reflect the current location of the equipment and the name of the employee assigned to the equipment in the Service Desk Online system.

DOT Response:

The Bureau of Information Services (BIS) will start conducting the physical count of the computer equipment in December 2008. Internal staff will be reassigned to assist in conducting the inventory which is projected to be completed within four months.

Recommendations No. 7 – Facilitate the deployment of new computer equipment to put them into service as soon as possible. In addition, future equipment purchases should be based on the Department's needs.

DOT Response:

The BIS had deployed 8 PC's to the Design Division in response to the above recommendations, reserve some for new hires, and established a policy of purchasing these equipment as the need arise.

Finding No. 6 – Stolen equipment is not reported to the Controller's Office as required.

Recommendation No. 8 – Ensure all stolen items are promptly reported to the Controller's Office.

DOT Response:

The Department's written procedures have been revised to include the Controller's Office to the distribution list of offices to be provided a report of lost, stolen or damaged City equipment (see attachment). On August 25, 2008 a copy of the revised written procedures was provided to the auditors of the Controller's Office at the audit review meeting. On September 9, 2008, the revised procedure was forwarded to the Administrative Services Division for distribution to DOT staff.

RLR:NV:nv

c: S. Hollins
N. Vinson