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June 5, 2025

TO: Each Supervisor

FROM: Oscar Valdez
Auditor-Controller

Robert G. Campbell
Assistant Auditor-Controller / Chief Audit Executive

SUBJECT: **DEPARTMENT OF HEALTH SERVICES – PERSONNEL RECRUITMENT,
SELECTION, AND BACKGROUND CHECKS REVIEW (REPORT #K22CQ) -
SECOND AND FINAL FOLLOW-UP REVIEW**

We completed a second and final follow-up review of the Department of Health Services (DHS or Department) Personnel Recruitment, Selection, and Background Checks Review dated February 21, 2023 (Report #K22CQ). We reviewed the status of the six Priority 2 recommendations that had not been fully implemented in our first follow-up report issued May 17, 2024.

As summarized in Table 1, DHS fully implemented two and partially implemented four outstanding Priority 2 recommendations to enhance their controls over their personnel recruitment, selection and background checks processes. The Department should fully implement the four partially implemented recommendations to enhance their personnel. These recommendations will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until DHS self-certifies that it has been implemented.

Table 1 - Results of Second and Final Follow-up Review

| RECOMMENDATION IMPLEMENTATION STATUS | | | | | |
|--------------------------------------|-------------------------|--------------------|-------------------|-----------------------------------|-----------------|
| PRIORITY RANKINGS | TOTAL RECOS OUTSTANDING | EXEMPT FROM REVIEW | FULLY IMPLEMENTED | FINAL OUTSTANDING RECOMMENDATIONS | |
| | | | | PARTIALLY IMPLEMENTED | NOT IMPLEMENTED |
| PRIORITY 1 | 0 | 0 | 0 | 0 | 0 |
| PRIORITY 2 | 6 | 0 | 2 | 4 | 0 |
| PRIORITY 3 | 1 | 1 | 0 | 0 | 0 |
| TOTAL | 7 | 1 | 2 | 4 | 0 |
| | | | | 4 | |

For details of our review and the Department's corrective actions, see Attachment.

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We thank Department management and staff for their cooperation and assistance during our review. If you have any questions please call us, or your staff may contact Jesse Urbano at jurbano@auditor.lacounty.gov.

OV:CY:RGC:JU:gu

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Edward Yen, Executive Officer, Board of Supervisors
Christina R. Ghaly, M.D., Director, Department of Health Services

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment
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Robert G. Campbell
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Jesse Urbano
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AUDIT DIVISION

Report #K25EH

DEPARTMENT OF HEALTH SERVICES PERSONNEL RECRUITMENT, SELECTION, AND BACKGROUND CHECKS REVIEW (REPORT #K22CQ) SECOND AND FINAL FOLLOW-UP REVIEW

| RECOMMENDATION | A-C COMMENTS |
|---|---|
| <p>1 Post 12-Month Approvals for Temporary Employees (Priority 2) - The Department of Health Services (DHS or Department) management develop processes/controls to ensure that approvals are obtained and maintained from the Department of Human Resources' (DHR) Director of Personnel for all temporary employees that exceed 12 months of continuous, full-time service.</p> <p>Original Issue/Impact: County Civil Service Rule 13.03 requires that a temporary appointment may continue for no longer than 12 months of continuous, full-time service except with the approval of the County Director of Personnel. Persons may be employed in the same position for an additional specified period of time upon written presentation of facts to justify an extension.</p> <p>During our review, we noted that while DHS' Human Resources Operations Unit maintains a detailed list of their approximately 900 temporary employees (primarily registered nurses), they do not have established processes to obtain required approvals from the Director of Personnel for temporary employees who have held the position for over 12 months.</p> <p>This weakness increases the risk that the Department will continue to rely on temporary employees for critical positions and may impair staff development and succession planning.</p> | <p>Recommendation Status: Partially Implemented</p> <p>During our first follow-up, we confirmed that DHS management developed processes to ensure that approvals are obtained and maintained from the DHR Director of Personnel for all temporary employees that exceed 12 months of continuous, full-time service. However, at the time of our review, DHS management could not provide documentation to demonstrate that they implemented their new procedures and obtained DHR approval.</p> <p>During this review, we confirmed that DHS management formally requested approvals for their temporary employees by reviewing their Request to Extend Temporary Employees Beyond the 12 Months of Continuous, Full-Time Service and the list of employees included in the request. However, we noted that the Department did not obtain final approval for their temporary employees who exceeded 12 months of continuous, full-time service from the DHR Director of Personnel.</p> <p>DHS management indicated that they plan to fully implement this recommendation by September 30, 2025. This recommendation will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until DHS self-certifies that it has been implemented.</p> |
| <p>2 Employee Statement and Security and Disclosure Certification Forms (Priority 2) - DHS management re-instruct their Human Resources Operations Unit staff to obtain and maintain both the Employee Statement and Security and Disclosure forms for all staff involved in the Live Scan process.</p> <p>Original Issue/Impact: DHR Policies, Procedures, and Guidelines (PPG) 524 requires all</p> | <p>Recommendation Status: Implemented</p> <p>During our first follow-up, DHS management indicated that they verbally re-instructed all staff involved in the Live Scan process to obtain and maintain the Employee Statement and Security and Disclosure forms. However, at the time of our review, the Department did not document the re-instruction provided to Human Resources Operations Unit staff ensuring that they obtained and maintained the</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.

| RECOMMENDATION | A-C COMMENTS |
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| <p>staff who are involved in the Live Scan process to sign and maintain the Employee Statement form and Department of Justice (DOJ) Security and Disclosure Certification form acknowledging their responsibilities for protecting confidential applicant information and consequences for the misuse of Criminal Offender Records information (CORI).</p> <p>During our review, management indicated that both the Performance Management Unit (PMU) and Human Resources Operations obtain and maintain the Employee Statement and DOJ Security and Disclosure Certification forms for their respective managers/staff involved in the Live Scan process. However, during our walkthrough, we noted that while PMU staff completed the required forms for their personnel, Human Resources Operations Unit managers/staff had not completed the forms at the time of our review.</p> <p>This weakness increases the risk that Live Scan operators are unaware of their responsibilities (e.g., collection of information, protection of applicant information from unauthorized access) and corresponding consequences including administrative, criminal, and/or civil penalties from the disclosure of confidential criminal record information.</p> | <p>Employee Statements and Security and Disclosures forms for all staff involved in the Live Scan process.</p> <p>During this review, we confirmed that DHS management included detailed instructions to Human Resources Operations Unit staff to obtain and maintain the required security and confidentiality forms by reviewing their Live Scan desk procedures. We also confirmed that DHS management obtains and maintains the forms for all employees involved in the Live Scan process by reviewing their completed and signed Employee Statement and Security and Disclosure forms.</p> |
| <p>3 Key Performance Indicators (Priority 2) - DHS management establish processes/controls to ensure the Department:</p> <ul style="list-style-type: none"> a) Develop Key Performance Indicators (KPIs) to measure the efficiency and effectiveness of their core activities. b) Develop a process and procedures to monitor KPIs to established benchmarks to identify weaknesses and areas for improvement. c) Establish a process and procedures to periodically review KPIs to ensure they continue to be relevant, applicable to the business area, and consistent with best practices and standards. d) Take corrective actions as needed to address performance gaps and document the actions to ensure they result in lasting changes. <p>Original Issue/Impact: A KPI is a type of quantifiable performance measurement that is used to evaluate the success of an organization or a particular activity in which it engages. Each</p> | <p>Recommendation Status: Partially Implemented</p> <p>During our first follow-up, we confirmed that DHS management developed Performance Standards for the Human Resources Operations Unit staff's day-to-day work functions. These standards included staff work hours, time reporting, conduct/behavior, etc. However, these Performance Standards did not serve as KPIs since they did not measure the efficiency and effectiveness of the Human Resources Operations Unit's core business activities. In addition, these standards did not include specific steps that management/staff must follow when the KPIs do not meet minimum thresholds.</p> <p>During this review, we confirmed that DHS management developed detailed guidelines for KPIs by reviewing the Personnel Operations Section, Examination Unit, Criminal Background Unit indicators, which require periodic reviews of background verifications, application processing times, criminal history assessments, etc. However, while the Department provided documents to support</p> |

| RECOMMENDATION | A-C COMMENTS |
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| <p>department should establish KPIs and periodically review them against the applicable activity to evaluate the efficiency and effectiveness of the activity, the continued relevance and applicability of the KPI, and to identify weaknesses and areas for improvement, etc.</p> <p>During our review, we noted that DHS has operational guidelines for recruitment, selection and background checks. However, the Human Resources Operations Unit and PMU have not established KPIs over their operations to monitor and evaluate their ongoing efforts in meeting their goals and objectives. Examples of KPIs the Department could develop include target times for processing critical or completing core functions such as recruitment, selection, background checks, and addressing discrepancies/errors.</p> <p>This weakness prevents management from measuring and monitoring the efficiency and effectiveness of their hiring practices and taking action.</p> | <p>KPI reviews, these were at times inconsistent or did not align with established procedures. For example, we reviewed the KPI results for the reporting period January to March 2024 and noted that the referenced data was for July to September 2023. In addition, we noted that the Department did not take corrective action after the Examination Unit did not meet the minimum KPI threshold for Application Processing Time for March to June 2024. We also noted that per the procedure, this KPI should have been reviewed monthly, instead of quarterly. The Criminal Background Unit also did not include corrective action plans in their KPIs for identified areas of noncompliance and did not perform the required evaluations.</p> <p>DHS management indicated that they plan to fully implement this recommendation by September 30, 2025. This recommendation will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until DHS self-certifies that it has been implemented.</p> |
| <p>4 Management Monitoring of Internal Controls (Priority 2) - DHS management develop and implement ongoing self-monitoring processes that include:</p> <ul style="list-style-type: none"> a) Examining process/control activities, such as reviewing an adequate number of transactions on a regular basis to ensure adherence to established procedures and internal controls, County rules, and best practices. b) Documenting the monitoring activity and retaining evidence so it can be validated. c) Elevating material exceptions timely so management is aware of control risk and can take appropriate corrective actions. <p>Original Issue/Impact: DHS needs to develop ongoing self-monitoring processes to regularly evaluate and document that controls over the functions below are working as intended, as required by County Fiscal Manual 1.0.2:</p> <ul style="list-style-type: none"> • Access to CORI and other background information by Live Scan operators and back-up staff • Criminal Background Checks • Human Resources (HR) Background Checks | <p>Recommendation Status: Partially Implemented</p> <p>During our first follow-up, we noted that DHS management did not develop and implement Management Monitoring of Internal Controls processes over relevant Personnel operations as noted in our original review.</p> <p>During this review, we confirmed that DHS management developed guidelines for the Recruitment and Examination Unit by reviewing their Management Monitoring of Internal Controls procedures. However, the Department did not develop guidelines and did not conduct self-monitoring reviews of the areas noted in our original report.</p> <p>DHS indicated that they will develop the guidelines and conduct documented reviews as recommended, and plan to fully implement this recommendation by September 30, 2025. This recommendation will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until DHS self-certifies that it has been implemented.</p> |

| RECOMMENDATION | A-C COMMENTS |
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| <ul style="list-style-type: none"> • Hiring of Temporary Employees • Maintenance of Training Records • Required Document Signatures and Annotations (e.g., Test Security Agreements, Job Posting Checklists) <p>Effective self-monitoring processes may include tests or observations examining an adequate number of transactions on a regular basis, by selecting a representative sample, to ensure adherence to policy and documenting and retaining evidence of this review so that a third party can subsequently validate it.</p> <p>The monitoring process should also ensure material exceptions are elevated timely, so management is informed of control risks and can take appropriate corrective actions.</p> <p>This weakness prevents management from promptly identifying and correcting process/control weaknesses or instances of noncompliance with County personnel rules, such as post 12-month approvals for temporary employees, Live Scan operator's access to confidential information, and maintenance of training records.</p> | |
| <p>5 DHR Assessment Findings (Priority 2) - DHS management develop processes/controls to ensure that DHR's recommendations are implemented and that the results are properly communicated to employees/managers.</p> <p>Original Issue/Impact: DHR periodically assesses HR functions at various departments. As part of each assessment, DHR issues recommendations for departments to improve their internal HR operations.</p> <p>During our review, we noted that DHS does not have a process to ensure that DHR's assessment recommendations are implemented and that the results are properly communicated to employees/managers. For example, in November 2018 DHR issued an Exam Administration and List Management Report of Assessment to DHS where it noted several findings. While management indicated that these findings were communicated to employees and actions have been taken to implement DHR's</p> | <p>Recommendation Status: Partially Implemented</p> <p>During our first follow-up, DHS management indicated that they verbally communicated the DHR recommendations to staff during a staff meeting. In addition, they communicated the need to adhere to the DHR recommendations. However, at the time of our review, we noted that these communications were not documented.</p> <p>During this review, we confirmed that DHS management developed processes to ensure that DHR's recommendations are implemented by reviewing their Recruitment and Exam Audit Findings procedures. In addition, we confirmed that the expectations were communicated to employees/managers by reviewing their DHS HR - Recruitment and Exams Monthly Staff Meeting Agenda. However, we noted that the Department could not support that they took action to implement DHR's recommendations.</p> <p>DHS management indicated that they plan to fully</p> |

| | RECOMMENDATION | A-C COMMENTS |
|---|---|--|
| | <p>recommendations, the Department was not able to provide documentation to support either the communication or implementation of the recommendations.</p> <p>This weakness increases the risk that personnel process and control deficiencies identified by DHR will not be corrected timely.</p> | <p>implement this recommendation by December 31, 2025. This recommendation will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until DHS self-certifies that it has been implemented.</p> |
| 6 | <p>Personnel Confidentiality Policies and Procedures (Priority 2) - DHS management develop written standards and procedures for maintaining confidentiality over records security, storage, and reproduction.</p> <p>Original Issue/Impact: DHR PPG 524 requires that the departmental HR Manager establish procedures to maintain confidentiality over records security, storage, and reproduction.</p> <p>During our review, management indicated that they have procedures in place to ensure confidentiality is maintained over sensitive data/information of each applicant. However, we noted that the Department does not have these procedures documented, as required.</p> <p>This weakness increases the risk of inappropriate access and disclosure of sensitive data/information. In addition, there is an increased risk that confidentiality procedures are not applied correctly, consistently, and in compliance with County and DHR rules and standards.</p> | <p>Recommendation Status: Implemented</p> <p>During our first follow-up, we noted that DHS management did not develop written standards and procedures for maintaining confidentiality over records security, storage, and reproduction.</p> <p>During this review, we confirmed that DHS management developed standards and procedures for maintaining confidentiality over records security, storage, and reproduction by reviewing their Personnel Operations Section Live Scan Procedures and Live Scan Personnel Confidentiality Procedures.</p> |

We conducted our review in conformance with the International Standards for the Professional Practice of Internal Auditing. 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.