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COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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April 2, 2026

IN REPLY PLEASE

REFER TO FILE: **FI-2**

TO: Audit Committee

FROM: Mark Pestrella, PE 
Director of Public Works

SEMI-ANNUAL NOTIFICATION OF AUDITS AND CONTRACT MONITORING REVIEWS CONDUCTED BY ENTITIES OTHER THAN THE AUDITOR-CONTROLLER

As required by Board Policy 4.055, we are submitting our semi-annual notification of audits and contract monitoring reviews conducted by entities other than the Auditor-Controller. During the period of July 1, 2025, through December 31, 2025, the following number of audits and contract monitoring reviews were completed.

AUDITS	External	Internal
Total number of audits completed during the reporting period	5	4
❖ Total Compliance Audits	2	4
❖ Total Fiscal Audits	3	0
❖ Total Operational Audits	0	0
Total number of high-priority findings in audits	0	0
❖ Total questioned costs related to high-priority findings	0	0
Total number of high-priority findings/recommendations fully implemented during the reporting period	1	0
Total number of high-priority findings/recommendations partially or not implemented during the reporting period	0	0

CONTRACT MONITORING REVIEWS	
Total number of contracts reviewed	784
Total annual budget amount (\$) of contracts reviewed	\$4,871,977,480

Total number of contract monitoring reviews completed during the reporting period	90,086
❖ Total Desk Reviews	12,171
▪ Total Administrative Reviews	1,703
▪ Total Fiscal Reviews	6,018
▪ Total Programmatic Reviews	4,450
❖ Total On-Site Reviews	77,915
▪ Total Administrative Reviews	387
▪ Total Fiscal Reviews	275
▪ Total Programmatic Reviews	77,253
Total number of high-priority findings in contract monitoring reviews	2
❖ Total questioned costs related to high-priority findings	\$0
Total number of high-priority findings/recommendations fully implemented during the reporting period	2
Total number of high-priority findings/recommendations partially or not implemented during the reporting period	0
<i>Departmental Contracting Information</i>	
Total number of <u>all</u> active contracts during the reporting period	945
Total annual budget amount (\$) of <u>all</u> active contracts during the reporting period	\$5,625,724,652*

**Includes the total budget amount for contracts that do not have a specific annual amount (i.e., \$5 million over three-year term) or whose terms are not for a specific number of years, but rather are effective until work is successfully completed (i.e., construction projects). Also, does not include contracts whose annual budget amount may change based on various factors (i.e., fees that fluctuate with volume of activity).*

Please refer to Attachment A for a detailed description of the audit high-priority finding issued during a prior reporting period. Please refer to Attachment B for a detailed description of the contract monitoring high-priority findings issued during the current reporting period.

Decentralized Contract Monitoring

Due to the diverse specialized nature and large volume of Public Works' contracts, the monitoring functions for these contracts are decentralized to the business units utilizing them. Business units actively monitor their contracts to ensure contract capacity is not exceeded, compliance with contract provisions, the contractor is performing in

accordance with the contract, work was performed, invoices are accurate and approved for payment, and corrective actions, if any, are taken by the contractor.

The following are examples of the types of Public Works' contracts:

Service Contracts (Proposition A & Non-Proposition A)	Low Bid
Professional and Non-Professional Services	Developers Agreement
Federal Solicitations	On-Call/As-Needed Contracts
IT Service Solicitations	Project-Specific Contracts
Design-Build	Job Order Contracts (JOC)
Best Value Construction	Construction Low Bid

If you have any questions regarding this notification, please contact Susana Andrade, Head Compliance Officer, at (626) 458-6551 or sandrade@pw.lacounty.gov.

SA:dbm

P:\iapub\INTAUDIT\Board Policy 4.055-Audits and Contracting Reviews\Semi-Annual Notifications to Audit Committee\07.01.25 - 12.31.25\Public Works Notification Form.docx

Attach.

PUBLIC WORKS
SEMI-ANNUAL NOTIFICATION OF AUDITS CONDUCTED BY ENTITIES OTHER THAN THE AUDITOR-CONTROLLER
LIST OF HIGH-PRIORITY FINDINGS FOR THE PERIOD OF JULY 1, 2025 - DECEMBER 31, 2025

#	External	Internal	Entity (1)	Report Title (2)	Report Date	Type of Audit	High-Priority Finding (Issue and Risk) (3)	Recommendation	Questioned Costs (4)	Status	Target Implementation Date(s) (5)	Follow-up Date (6)
Issued During Current Reporting Period												
Issued During Prior Reporting Periods												
1	X		State Controller's Office (SCO)	Los Angeles County Flood Control Audit - Los Angeles County Drainage Area Project	2/1/23	C	The District claimed \$1,249,657 in expenditures that were ineligible because they were incurred after the federally sponsored LACDA Project was completed in December 2001 - resulting in the loss of \$749,794 in retention.	Public Works issued and distributed to staff a corrective action memorandum setting forth guidelines to ensure full compliance with funding agency requirements for future grant-related projects.	\$ 1,249,657	I	N/A	N/A

Legend:**Type of Review :**

Mark appropriate box with "C" (Compliance), "F" (Fiscal), and/or "O" (Operational). Include as many types as applicable.

- C Compliance audit to determine adherence with applicable requirements. (e.g., policies and laws)
F Fiscal audit to determine whether Department personnel appropriately accounted for County funds.
O Operational audit to examine productivity, efficiency and effectiveness of the Department's operations.

Status: Indicate the current status of each issue.

- I Fully Implemented: the department has taken the necessary measures to correct the issue.
PI Partially Implemented: the department is in the process of correcting the issue.
NI Not Implemented: the department or contractor has not taken the necessary steps to correct the issue.
N/A Not Applicable: the issue is no longer relevant. **Include an explanation of why the issue no longer applies in the Recommendation field.**

Footnotes:

- (1) Indicate the entity that performed the review (e.g. State or federal government, outside entity, or consultant, etc.). If performed by the department, indicate the department and section name.
(2) Indicate the full report title, including any subtitles.
(3) Provide **specific details** of the high-priority finding(s), including the issue observed, the cause of the issue, and any actual or potential risks. (See Page 3 of Attachment IV for further explanation.)
(4) Indicate the total questioned costs identified, if applicable.
(5) If Status column is PI or NI, indicate the department's target implementation date for correcting the issue. Otherwise, indicate if Not Applicable (N/A).
(6) Indicate the department's planned or tentative date for follow-up of any issues noted as partially implemented or not implemented or indicate the next scheduled review.

PUBLIC WORKS
SEMI-ANNUAL NOTIFICATION OF CONTRACT MONITORING REVIEWS CONDUCTED BY ENTITIES OTHER THAN THE AUDITOR-CONTROLLER
LIST OF HIGH-PRIORITY FINDINGS FOR THE PERIOD OF JULY 1, 2025 - DECEMBER 31, 2025

#	Contractor Name (1)	Contract / Program Reviewed (2)	Contract Amount (3)	Report Date	Type of Review		High-Priority Finding (Issue and Risk) (4)	Recommendation	Questioned Costs (5)	Status	Target Implementation Date(s) (6)	Follow-up Date (7)
					D	O						
Issued During Current Reporting Period												
1	Pacific Coast Elevator Corporation (dba Amtech Elevator Services)	(003761) On-Call Maintenance and Routine Service of Public Works Headquarters Complex Elevators	\$ 6,325,560.00	10/28/25	P		The contractor does not address repair requests and complaints in a timely manner. This requires departmental staff to conduct frequent follow-ups, divert staff and resources from their primary duties, and creates potential safety risks for employees and the public.	The contractor completed the outstanding repair requests and addressed all complaints. The contractor also submitted a corrective action plan outlining the steps they will take to prevent future delays in addressing repair requests.	N/A	I	N/A	N/A
2	COSCO Fire Protection, Inc.	(003690) Fire Alarm and Fire Sprinkler Services at Public Works Headquarters Complex	\$ 278,601.00	7/21/25	A		Untimely or inaccurate invoices and delayed written reports disrupt project oversight, require departmental staff to spend additional time resolving invoicing issues, and may expose the department to liability when staff cannot promptly address issues documented in the reports.	The contractor submitted all outstanding invoices and written reports.	N/A	I	N/A	N/A
Issued During Prior Reporting Periods												

Legend:**Type of Review :**

D Desk review: limited in scope and conducted off-site only.

O On-site review: in-depth and conducted on-site.

Mark appropriate box with "A" (Administrative), "F" (Fiscal), and/or "P" (Programmatic). Include as many types as applicable.

A Administrative review to ensure basic ongoing compliance with standard contract terms and conditions, such as licensure, minimum insurance coverage, and the living wage ordinance.

F Fiscal review to determine whether the contractor appropriately accounted for and spent County funds to provide the services outlined in their County contract.

P Programmatic review to ensure contracted services were provided as required.

Status: Indicate the current status of each issue.

I Fully Implemented: the contractor has taken the necessary measures to correct the issue.

PI Partially Implemented: the contractor is in the process of correcting the issue.

NI Not Implemented: the contractor has not taken the necessary steps to correct the issue.

N/A Not Applicable: the issue is no longer relevant. **Include an explanation of why the issue no longer applies in the Recommendation field.****Footnotes:**

(1) Indicate the name of the contractor reviewed.

(2) Indicate the type of contract(s) or program(s) reviewed (e.g., Group Home contract, WIA, etc.).

(3) Indicate the total annual budgeted contract dollar amount of all contracts reviewed.

(4) Provide **specific details** of the high-priority finding(s), including the issue observed, the cause of the issue, and any actual or potential risks. (See Page 3 of Attachment V for further explanation.)

(5) Indicate the total questioned costs identified, if applicable.

(6) If Status column is PI or NI, indicate the contractor's target implementation date for correcting the issue. Otherwise, indicate if Not Applicable (N/A).

(7) Indicate the department's planned or tentative date for follow-up of any issues noted as partially implemented or not implemented or indicate the next scheduled review.