



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

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October 2, 2025

TO: Each Supervisor

FROM: Oscar Valdez
Auditor-Controller

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

SUBJECT: **SHERIFF'S DEPARTMENT – PAYROLL REVIEW (REPORT #K23CM) -
SECOND AND FINAL FOLLOW-UP REVIEW**

We completed a second and final follow-up review of the Sheriff's Department (Sheriff or Department) Payroll Review dated September 21, 2023 (Report #K23CM). We reviewed the status of the one Priority 1 and two Priority 2 recommendations that had not been fully implemented in our first follow-up report issued September 27, 2024.

As summarized in Table 1, the Department fully implemented one Priority 1 recommendation, and partially implemented one and did not implement one outstanding Priority 2 recommendations to enhance their controls over their payroll processes. The Department should fully implement the two outstanding recommendations to enhance their payroll operations. These recommendations will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until Sheriff 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	1	0	1	0	0
PRIORITY 2	2	0	0	1	1
PRIORITY 3	1	1	0	0	0
TOTAL	4	1	1	1	1
				2	

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

Each Supervisor
October 2, 2025
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We thank Sheriff management and staff for their cooperation and assistance during our review. If you have any questions please call us, or your staff may contact Jeffrey Ho at jeho@auditor.lacounty.gov.

OV:CY:RGC:JH:JU:gu

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Edward Yen, Executive Officer, Board of Supervisors
Robert G. Luna, Sheriff
Audit Committee
Countywide Communications

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment
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Robert G. Campbell
ASSISTANT AUDITOR-CONTROLLER

Jeffrey Ho
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AUDIT DIVISION

Report #K25FH

SHERIFF'S DEPARTMENT PAYROLL REVIEW (REPORT #23CM) SECOND AND FINAL FOLLOW-UP REVIEW

RECOMMENDATION	A-C COMMENTS
<p>1 Payroll Payoffs (Priority 1) - Sheriff's Department (Sheriff or Department) management:</p> <p>a) Immediately conduct a payroll payoff to ensure that all employees are bona fide.</p> <p>b) Improve processes/controls to ensure that:</p> <ul style="list-style-type: none"> Payroll payoffs are performed and documented on an unannounced basis at least once every 12 months. Employees are not allowed to sign the warrant register on behalf of other employees. Payoffs are conducted by someone with no payroll or personnel responsibilities. All outstanding non-responses and discrepancies in payroll payoffs are investigated so that potential issues are reviewed and resolved timely. <p>c) Develop detailed written standards and procedures to adequately guide supervisors and staff in the performance of their duties for the payroll payoff process, including those areas noted in our review.</p> <p>Original Issue/Impact: County Fiscal Manual (CFM) Section 3.1.12 requires payroll payment reconciliation payoffs to be conducted and documented on an unannounced basis at least once every 12 months by personnel with no other payroll or personnel responsibilities to ensure that all employees receiving pay or benefits are bona fide. In addition, departments should ensure that all discrepancies on the payoff warrant register are investigated.</p> <p>Based on discussions with Sheriff management and staff, and reviews of payoff related documents, we noted that although the Sheriff has some processes/ controls to periodically conduct payroll payoffs such as assigning an employee at each payroll location to administer the payoff, ensuring the employees show their</p>	<p>Recommendation Status: Implemented</p> <p>During our first follow-up, we noted that the Department developed detailed written procedures for payroll payoffs to adequately guide supervisors and staff in the performance of their duties for the payroll payoff verification process. However, at the time of our review, we noted that the procedures did not include steps to address how payoff investigations are to be followed up and reported.</p> <p>At that time, we also confirmed that Sheriff management conducted a payroll payoff. However, noted the following:</p> <ul style="list-style-type: none"> The Payroll Payment Reconciliation Payoffs Registrars did not always indicate who conducted the review to ensure that payoffs were conducted by someone with no payroll or personnel responsibilities. Non-responses to payoffs were not investigated in 84 of the 100 total Departmental units to ensure that all employees receiving pay or benefits were bona fide. Follow-up on all outstanding non-responses and discrepancies from payoffs were not always documented to ensure that potential issues were investigated and resolved timely. <p>During this review, we confirmed that the Department updated their procedures to include steps to address how payoff investigations are to be followed up and reported by reviewing their Payroll Payment Reconciliation Payoff Procedures.</p> <p>We also confirmed that Sheriff management conducted a payroll payoff in October 2024 and noted the following:</p> <ul style="list-style-type: none"> The Payroll Payment Reconciliation Payoffs Registrars included the names of the employees who conducted the reviews by reviewing examples of Payroll Payment Reconciliation Payoffs

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>identification and sign a list, and having a supervisor account for employees that are not able to sign (e.g., long-term leave, suspended), processes need to be strengthened.</p> <p>For example, during our walkthrough we noted that:</p> <ul style="list-style-type: none"> • Employees were allowed to sign the warrant register on behalf of other employees. • Payroll staff were responsible for conducting the payroll payoffs even though they were required to be conducted by someone with no other payroll or personnel responsibilities. • There were instances where employees did not sign the payoff warrant register and these non-responses were not investigated. <p>We also noted the Department has not conducted a payroll payoff since December 2018 due to planned changes to their processes and the COVID-19 pandemic.</p> <p>In addition, Sheriff's procedures are not documented to adequately guide supervisors and staff in the performance of their duties for all key payroll payoff processes and controls, such as:</p> <ul style="list-style-type: none"> • Conducting and documenting payroll payment reconciliation payoffs on an unannounced basis at least once every 12 months. • Ensuring that someone who does not work in the payroll or personnel areas investigates unclaimed warrants and notices of direct deposit. • Ensuring that employees on the Department Direct Deposit/Zero Net Pay Distribution Register and Department Warrant Register show proper identification and sign the register. <p>These weaknesses prevent management from identifying and investigating payroll improprieties and errors, including payments to potentially unauthorized or nonexistent individuals and increase the risk of losses related to fraud.</p>	<p>Registers. We verified that these employees have no other payroll or personnel responsibilities.</p> <ul style="list-style-type: none"> • All non-responses to payoffs have been investigated by reviewing their Payroll Payoff Investigations document. • The follow-ups on outstanding non-responses and discrepancies from payoffs were documented by reviewing examples of Payroll Payment Reconciliation Payoffs Registers and the Payroll Payoff Investigations document.

RECOMMENDATION	A-C COMMENTS
<p>2 Key Performance Indicators (Priority 2) - Sheriff management establish processes/controls to ensure that the Department:</p> <ul style="list-style-type: none"> a) Develops Key Performance Indicators (KPI) to measure the efficiency and effectiveness of core Pay, Leave, and Records Unit (PLRU or Unit) activities. b) Develops a process and procedures to monitor KPIs to establish benchmarks to identify weaknesses and areas for improvement. c) Periodically reviews KPIs to ensure they continue to be relevant, applicable to the business area, and consistent with best practices and standards. d) Takes 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 of a particular activity in which it engages. Each 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, identify weaknesses and areas for improvement, etc.</p> <p>During our review, we noted that PLRU has operational guidelines, a general framework for the development of KPIs, and closely follows County and Departmental policies and procedures. However, we noted the PLRU has not established specific KPIs over their Payroll operations to monitor and evaluate the Unit's ongoing efforts in meeting their goals and objectives. Examples of KPIs the Department could develop include target wait times for staff time required to complete a task, number of discrepancies/errors allowed, etc.</p> <p>This weakness prevents management from measuring and evaluating the level of success for their operations and taking any needed corrective actions.</p>	<p>Recommendation Status: Not Implemented</p> <p>During our first follow-up, we noted that Sheriff management developed a process to review a monthly overpayment log, which identified the number of overpayments by type which was reviewed and approved by Departmental management. However, the overpayment log could not be used as a KPI since it did not measure the efficiency and effectiveness of PLRU's core business activities. In addition, Sheriff management did not develop and implement written KPI processes and controls for PLRU staff day-to-day work functions, including specific steps and corrective actions that management/staff must follow when KPIs do not meet minimum thresholds.</p> <p>During this review, we confirmed that Sheriff management developed operational procedures/flowcharts (e.g., Time Accounting Unit Flowchart, Leave Unit Flowchart, Payroll Corrective Action Flowchart) for various units within the PLRU. However, these procedures/flowcharts do not serve as KPIs since they do not measure the efficiency and effectiveness of PLRU's core business activities. In addition, Sheriff management did not develop and implement written KPI processes and controls for PLRU staff day-to-day activities.</p> <p>Sheriff management indicated that they plan to fully implement this recommendation by January 31, 2026. This recommendation will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until the Department self-certifies that it has been implemented.</p>

	RECOMMENDATION	A-C COMMENTS
3	<p>Management Monitoring of Internal Controls (Priority 2) - Sheriff management develop ongoing self-monitoring processes that include:</p> <ul style="list-style-type: none"> a) Examination of process/control activities, such as review of 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 subsequently validated. c) Elevating material exceptions to management on a timely basis to ensure awareness of relative control risk and to ensure appropriate corrective actions are implemented. <p>Original Issue/Impact: Sheriff does not have self-monitoring processes, as required by CFM Section 1.0.2, to regularly monitor and document the processes and controls for the following functions:</p> <ul style="list-style-type: none"> • Monthly review of employee timesheets • Standby Pay monitoring • Timesheet adjustment controls <p>In addition, the Department does not have documented monitoring processes in the following areas:</p> <ul style="list-style-type: none"> • Time and Attendance Report • Missing Timesheet Report • Audit Trail Report • Overtime Activity for Exempt and Non-Exempt Employees Reports • Leave Document Submission Report • Single Approver Exception Report • Other internally generated exception reports • Change in Overtime Exception Report • Paid Overtime/Compensatory Time Reported Less Than Hours Over the Fair Labor Standards Act Threshold Exception Report • Leave Benefit Negative Balances Exception Report • Final Leave Reset Payout Exception Report 	<p>Recommendation Status: Partially Implemented</p> <p>During our first follow-up, we noted that Sheriff management did not develop and implement Management Monitoring of Internal Controls processes over relevant Payroll operations as noted in our original review.</p> <p>During this review, we confirmed that Sheriff management developed and implemented ongoing self-monitoring processes by reviewing their Performance Management Monitoring Guidelines for PLRU, Time Accounting Unit, Leave Unit, Payroll Corrective Action, and Workers Compensation Unit operational procedures/flowcharts. In addition, we reviewed the Department's PLRU Monitoring Log and supporting documents. However, these guidelines and the corresponding reviews do not address the self-monitoring areas noted in our original report.</p> <p>Sheriff management indicated that they plan to fully implement this recommendation by January 31, 2026. This recommendation will be tracked in the list of outstanding audit recommendations that is submitted to the Audit Committee biannually, until the Department self-certifies that it has been implemented.</p>

RECOMMENDATION	A-C COMMENTS
<p>The County's electronic Countywide Accounting and Purchasing System and electronic Human Resources system produce each of these reports to help departments ensure that exceptions are identified and investigated, verify that delegated processes are being performed appropriately, and to provide management with monitoring tools to ensure the effectiveness of processes/controls.</p> <p>Effective self-monitoring processes may include tests or observations examining an adequate number of transactions on a regular basis (e.g., 5 - 10 weekly, quarterly, and semi-annually) to ensure adherence to policy and documenting and retaining evidence of this review in such a manner that a third-party can subsequently validate it.</p> <p>The monitoring process should also ensure material exceptions are elevated to management to ensure awareness of relative control risk on a timely basis, and to ensure appropriate corrective actions are implemented.</p> <p>This weakness prevents management from promptly identifying and correcting any process/control weaknesses or instances of non-compliance with County payroll rules, such as employee improprieties.</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.