

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
AUDIT COMMITTEE MEETING OF OCTOBER 18, 2012

The Audit Committee and members of the Board of Fire and Police Pension Commissioners of the City of Los Angeles met at the LACERS Board Room, located at the Los Angeles Times Building, 202 W. First Street, Suite 500, Los Angeles 90012 on Thursday, October 18, 2012.

COMMITTEE

MEMBERS PRESENT: Ruben Navarro, Chair
Dean Hansell
Gregory Lippe

**OTHER COMMISSIONER
PRESENT:**

Wayne Moore

COMMISSIONER ABSENT:

George Aliano

**AUDIT COMMITTEE
SUPPORT STAFF:**

Erin Kenney, Departmental Audit Manager

**DEPARTMENT OF FIRE AND
POLICE PENSIONS:**

William Raggio, Interim General Manager
Joseph Salazar, Assistant General Manager
Robyn Wilder, Chief Benefits Analyst
Barbara Nobregas, Commission Executive Assistant

CITY ATTORNEY'S OFFICE: Alan Manning, Assistant City Attorney

Chair Navarro called the meeting to order at 8:40 a.m. President Hansell appointed himself temporarily to the Committee. All of the Committee members were present at the start of the meeting with the exception of Commissioner Moore who arrived at 8:50 a.m.

1. TRAVEL EXPENDITURES AUDIT AND POSSIBLE COMMITTEE ACTION

Ms. Erin Kenney, Departmental Audit Manager and Mr. James Yeung, Internal Auditor IV came before the Committee. Mr. Yeung provided an overview of the travel expenditures for Fiscal Year 2011-12. The travel expenditures reviewed were valid and accurately reported. Generally, the travel expenditures complied with policy with the exception of on-time submission of Personal Expense Statements (PES). City policy requires that PES reports are submitted within 30 days of travel. In the sample of cases reviewed, 67% of PES had travel advances issued and did not comply with the

policy. They were submitted within an average of 61 days. The recommendations are to establish policies and procedures to monitor outstanding travel advances and include developing accounting reports to monitor outstanding advances. Management agrees with the findings and recommendations.

Commissioner Navarro stated that a challenge with the timeframe is the Board Members are not regular City employees and do not have regular access to staff. He was also concerned why the department cannot pay more upfront costs, such as the airfare and hotel.

Ms. Kenney stated she agreed with Commissioner Navarro. She approached this audit as a compliance type and did not focus on the efficiencies. She will return with the findings for the travel advances, and anticipates a change in the policy and procedures in the Accounting Section. Her intent at that time is to review an efficiency type of audit.

President Hansell stated he agreed with developing policies for dealing with circumstances when a travel advance has been issued to ensure that the 30-day deadline is followed.

Commissioner Lippe stated he was opposed to the department preparing travel similar to the State Office which pays a higher rate. Interim General Manager Raggio stated that one of the reasons the department does not use the City's travel store is that items may be purchased at a lower rate.

MOTION

Commissioner Lippe moved and amended that the Audit Committee:

1. Review the Travel Expenditures Audit and prepare a follow up report on the efficiencies; and,
2. Recommend it be communicated to the full Board to be reviewed, received, and filed, seconded by President Hansell and approved by the following vote: ayes, President Hansell, Commissioner Lippe, and Chair Navarro – 3; nays, none.

2. REVIEW OF AUDIT COMMITTEE IFS ASSIGNMENTS FOR COMMITTEE DISPOSITION AND POSSIBLE COMMITTEE ACTION

Ms. Erin Kenney and Ms. Caroline Dinu, Senior Management Analyst II, Internal Audit Section were before the Committee. Ms. Dinu presented an overview of the IFS Audit assignments and the details on closing two IFS audit assignments.

MOTION

Commissioner Lippe moved that the Audit Committee recommend that the Board:

1. Determine that the status of Independent Fiduciary Services (IFS) recommendations 2c/26 and 2e/03 be changed from "In Progress" to "Completed;" and
2. Approve the updated Audit Committee IFS Assignment Status report, seconded by President Hansell and approved by the following vote: ayes, President Hansell, Commissioner Lippe, and Chair Navarro – 3; nays, none.


Interim General Manager Raggio stated that he intends to prepare a full report on the status of the 168 IFS Audit recommendations in anticipation of the new audit by the City and the City Controller.

Chair Navarro directed staff to place on the next Audit Committee agenda, the election of a new chair as directed by President Hansell to rotate the chair position for committees.

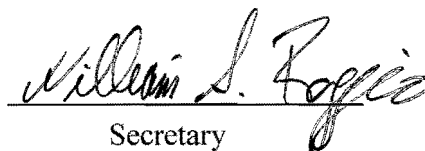
3. PUBLIC COMMENTS

Ms. Elsa Moy gave a public comment.

The meeting adjourned at 8:54 a.m.



Chair



Secretary