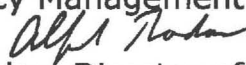


**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

**DATE:** December 19, 2016

**TO:** Aram Sahakian, General Manager  
Emergency Management Department

**FROM:**  Alfred Rodas, Director of Auditing  
Office of the Controller

**SUBJECT: LIMITED SCOPE FISCAL AUDIT AT EMERGENCY  
MANAGEMENT DEPARTMENT**

The Controller's Office conducted a limited scope audit at the Emergency Management Department (EMD), focused cash handling and payroll. We performed a surprise cash count to ensure that any collections and the authorized petty cash are accounted for and adequate internal controls are in place over these funds. We also completed a payroll review, which entailed an analysis of hours worked, overtime, and bonuses for the two week period ending September 3, 2016, to ensure payments to sampled employees were properly supported.

Our audit was performed in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Overall Results

EMD's petty cash fund was properly accounted for and adequate internal controls are in place to ensure reimbursements and disbursements are appropriate and authorized; however, we found that the fund custodian had not completed an Accountability Receipt to formally acknowledge responsibility for the fund.

We also found that payments for hours worked and any overtime and/or bonuses were properly supported, but for one employee receiving overtime, EMD was unable to provide evidence of pre-authorization. According to EMD management, the overtime for this employee was verbally pre-approved, and EMD's overtime policy does not require the pre-approval to be documented

and retained. However, documentation of pre-approved overtime is a best practice and is expected of City Departments to support authorized justification of additional expense based on organizational needs.

### **Recommendations**

#### **EMD Management should:**

- 1. Ensure the petty cash fund custodian signs an Accountability Receipt, formally acknowledging responsibility for the fund.**

*EMD's Response: Upon notification, the custodian signed an Accountability Receipt to acknowledge responsibility for the petty cash fund.*

- 2. Update the EMD Overtime Policy to require documentation of overtime pre-approval and to memorialize the organizational need for the overtime.**

*EMD's Response: Upon notification, EMD management revised its Overtime Policy to require documentation of supervisory pre-approval and the justification for overtime. The revised policy is pending final approval.*

#### **Department Response**

We provided a draft report to EMD on December 5, 2016, and EMD representative's indicated general agreement with the audit and results. We now consider the first recommendation as Implemented and the second recommendation as In Progress.

We appreciate the cooperation and assistance provided by EMD management and staff during our audit.