

# A U D I T

## City of Los Angeles

### Limited Scope Fiscal Audit at the Department on Disability

February 23, 2017



**RON | GALPERIN**  
Los Angeles City Controller


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

**DATE:** February 23, 2017

**TO:** Stephen David Simon, Executive Director  
Department on Disability

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

**SUBJECT: LIMITED SCOPE FISCAL AUDIT AT THE DEPARTMENT ON  
DISABILITY**

The Controller's Office conducted a limited scope fiscal audit at the Department on Disability (DoD), focused on cash handling and payroll. Specifically, we performed a surprise cash count to ensure that any collections and the authorized petty cash fund 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 a two-week period to ensure payments to sampled employees were appropriate and 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

DoD'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 DoD authorized the reimbursement for three parking receipts (totaling \$74.25) submitted by guests who visited the Department which was against City Policy, see Council File No. 08-0685 (Parking Validation Expenditures).

We also found that payments for hours worked were appropriate and properly supported. However, controls surrounding the processing of overtime and sign language bonus pay require enhancement. Specifically, one employee received overtime pay at time and a half during the pay period that should have been paid as straight overtime, without additional premium pay. In accordance with the applicable Memorandum of Understanding (MOU),

premium overtime rates are paid only when employees actually work more than forty hours. Since the employee used unpaid leave during the same week, the total number of hours worked was less than 40 hours; as such, the overtime pay should have been processed and paid as straight overtime. Additionally, two employees were paid a sign language bonus on a daily basis but they did not complete the required documentation to evidence their rendering of interpretation services, as required by their MOU and the City of Los Angeles (City) Administrative Code.

### **Recommendations**

#### **DoD Management should:**

- 1. Cease the practice of using petty cash funds to reimbursement of parking receipts to comply with City regulations and policies.**

*DoD's Response: Upon notification, the Department indicated it would no longer utilize petty cash funds to reimburse parking receipts.*

- 2. Ensure overtime payments are processed in accordance with the Controller's timekeeping guidelines and each employee's MOU.**

*DoD's Response: Upon notification, the Department indicated it would process future overtime payments in accordance the Controller's timekeeping guidelines and each employee's MOU.*

- 3. Ensure that sign language bonuses are justified by requiring daily documentation of interpretive services rendered by employees for any days the bonus is claimed, as required by employee MOUs and the City's Administrative Code.**

*DoD's Response: Upon notification, the Department indicated it would re-institute the requirement for employees to document interpretive services rendered for the days employees are seeking sign language bonus compensation.*

Stephen David Simon, Executive Director  
February 23, 2017  
Page 3 of 3

Department Response

We provided a draft report to DoD on February 9, 2017, and DoD representative's indicated general agreement with the audit and results. We now consider the three recommendations as Implemented.

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