COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

October 3, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **Review of County Code Section 5.40.097 Incidental Expenses**

On April 24, 2001, your Board approved an ordinance to add Section 5.40.097 to the County Code, which establishes Department Head authority to incur necessary incidental expenses up to $500 per occurrence, not to exceed $5,000 annually, for breakfast, luncheon and dinner meetings and other similar events to conduct County business. The ordinance requires these incidental expenses to be made from departmental appropriations established for each department and in accordance with guidelines prepared by the Auditor-Controller. The Board also instructed the Auditor-Controller to review these expenditures every six months to determine if departments are complying with the guidelines. This is our second report.

Scope

We conducted a review of the incidental expenditures of 25 departments for Fiscal Year 2001-02, to determine if they were complying with the provisions of the ordinance and the related Auditor-Controller guidelines. The guidelines specify that departments incurring these incidental expenses are to complete a Miscellaneous Charge form charging its appropriations and minor object to "Incidental Expense," account #4677. In addition, a log with expense details is to be established to track these expenditures and the accompanying receipts maintained with the log.

Summary of Findings

Generally, the departments are complying with the ordinance and the related Auditor-Controller guidelines. However, we identified the following exceptions:

- Seven departments exceeded the $500 per event limit without requesting approval from the Chair of the Board of Supervisors. The amount spent in excess of the per event limit ranged from $8.78 to $1,098.37.

- One department used its incidental expense account to pay for minor unauthorized expenses such as holiday lights and decorations, a cellular telephone bill and cellular telephone battery, and emergency kits.

- Several departments did not comply with the Auditor-Controller guidelines on documentation and use of an Incidental Expense Log.

We will discuss these exceptions with the departments involved to ensure they understand the guidelines. Our next review will be conducted in April of 2003, and we will also review departmental incidental expenses during our fiscal audits of County departments.

If you have any questions, please contact me or have your staff contact DeWitt Roberts at (213) 974-0301.

JTM:DR:IDC

c: David E. Janssen, Chief Administrative Officer
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee