



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

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

December 27, 2001

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.

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

For the initial six-month review, we prepared a detailed incidental expense questionnaire and distributed it to a total of 41 departments and commissions. With the exception of two commissions, we have received all of the responses. Of the 39 entities

that responded, 24 incurred incidental expenses under Section 5.40.097. The average amount spent by departments and commissions during the six-month period was \$536.

The responses to the questionnaire indicate that the departments and commissions surveyed are generally complying with the new ordinance and the related guidelines. We identified a few exceptions. For example, one Department authorized an \$894 expenditure without requesting approval from the Chair of the Board of Supervisors, as required by the guidelines. We also noted that some departments were charging the wrong account number for their expenditures. We will discuss these exceptions with the individual departments involved and ensure corrective action is taken.

Our next review will be conducted in the summer of 2002 and will include a detailed test of a sample of expenditures to confirm compliance with ordinance requirements. At that time, we will also review any expenditures made by commissions that did not respond to our survey questionnaire.

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