

**MINUTES OF THE REGULAR MEETING
ECONOMY AND EFFICIENCY COMMISSION**

FEBRUARY 7, 1990

ROOM 839, KENNETH HAHN HALL OF ADMINISTRATION

Editorial Note: The following minutes were taken from the tape of this meeting. Unfortunately, the tape does not normally identify the speaker and subsequently, with the exception of the Chairman, it is often not possible to identify individuals by name. Where individuals were identified we have done so

I. CALL TO ORDER

With the presence of a quorum, *Chairman Crail* called the meeting to order.

II. APPROVAL OF COMMISSIONER ABSENCES

Chairman Crail asked for a motion to approve absences for Ed Erath, Robert Lowe, Dan Shapiro, Randolph Stockwell and Efram Zimbalist. It was Moved, Seconded, and Adopted: **The members requesting an excuse are excused.**

III. APPROVAL OF DECEMBER 1989 MINUTES

Chairman Crail asked if there were any corrections or amendments to the minutes of the December 1989 Commission meeting. The following motion was Moved, Seconded, and Adopted: **The minutes of the December 1989 Commission meeting are approved.**

IV. NEW BUSINESS

Annual Election of New Chair

The annual election for chairperson was held. There were two candidates, Commissioners Al Frietag and Art Peever. Ballots were passed around with biographies attached.

Commissioner Art Peever was elected as Chairman. *Chairman Peever* stated that he appreciated the confidence and that he would try to do his best to ensure the Commission is the finest in the County. *Chairman Peever* recognized the outgoing Chairman, Joe Crail. *Chairman Peever* said that the Commission had prospered greatly under his direction and wanted to thank him for his many years of devotion.

V. PRESENTATION

Chairman Peever welcomed Mr. Dan Ikemoto, Chief Deputy Auditor-Controller.

**Mr. Dan Ikemoto, Chief Deputy Auditor Controller
Los Angeles County Auditor-Controller**

Topic: Overview of the Operations of the County of Los Angeles Auditor-Controller's Office.

Mr. Ikemoto reported that the Auditor-Controller performs the accounting functions of the County. The first section is the Accounting Division which records accounting transactions and controls expenditures. The most important job of the Accounting Division is monitoring the budget. Each department head has the primary responsibility over his budget. Both the department head and the Auditor are liable for over expenditure, so care is taken to monitor each department's budget. The other activity of this Division is to report the annual transactions of the County to the board and to the public.

The Auditor also publishes the Annual Report designed to meet the requirements prescribed by the Government Finances Offices Association (GFOA). As one of the first counties east of the Mississippi to earn this certificate, this county has received an award from GFOA for eight years in a row.

The Accounting Division also does cash flow analysis, arbitrage computations and some accounting for the joint powers authorities, non-profit corporations and other types of organizations. A new accounting system, a County-wide Automated System, is being implemented that will enable departments to enter data directly and to look up where they are financially. There are problems in implementing a new automated system, but that is the exciting thing about the Accounting Division

The Disbursements Division is organized into four sections: the General Claims Section that handles the vendor payments, the Special Claims Section handles the payroll, the Transportation handles transportation for County employees, minors, witnesses and indigents, and the Tax Section. The Tax Section has had problems with tax refunds with taxed buildings and with the Assessor Tax Collector. Since this Section issues the final check it is important to resolve tax refund backlogs. In this division an on-line system is anticipated. Departments will be able to enter their invoices directly and generate a check. Currently the systems is operating in three or four departments. The Auditor has imposed strict guidelines for the approval process to ensure that payments are authorized and fully encumbered.

The next division is the Information Systems Division that is involved in coordinating the data processing activities of the department. This Division concentrates on the departmental accounting systems, whereas Special Projects concentrates on developing county-wide financial systems. These two divisions will be merged effective July 1.

The Welfare Financial Division within the Auditor-Controller's Department accounts for and issues checks to all welfare recipients.

The Audit Division conducts internal audits in the form of financial audits or operational audits that consider operational control issues to ensure individuals are monitoring output. Its mission is to find productivity improvements and expanded economies and efficiencies. Another function of the Division is cost accounting to address allowable overhead rates - the billing rates charged within the County. This Division has recently established a fraud hot line to provide a means for employees/public to report alleged fraud. In an effort to reduce the fraud within the County the Auditor has established a number of fraud training programs to make employees, supervisors and managers aware of how fraud can be prevented and what signs to look for in their operations.

The Auditor has asked each department to annually self assess their control systems. In conjunction with this the Department has asked the Board of Supervisors for authority to require each department head to review their operation for total control purposes. Although this is a self-assessment it is anticipated that departments will take positive steps to reduce fraud.

In the field of management audits, one of the problems is recruiting people who are qualified. Most of our recruiting is done directly from the colleges to attract accounting graduates. Efforts need to be undertaken to recruit other disciplines to assist in the management audit area. Currently the Auditor has contracts with about twenty firms to provide people with the necessary skills. This is necessary in some of the departments, like the Coroner, where the services of a pathologist are required.

A *commissioner* asked in a remark concerning the liability of a department if it goes over budget as well as the Auditor, how is the Department liable? *Mr. Ikemoto* replied that the department is liable for exceeding the budget. The *commissioner* continued by asking, monetarily? Are they supposed to reach in their pocket and pay the difference? *Mr. Ikemoto* replied that theoretically this was the case. This is why there is a budgetary system in place. If the Auditor-Controller were to allow this to happen, then the Auditor-Controller could be liable.

Chairman Peever asked if in the instance of a function being decentralized, one, are there capable people in the department to affectively handle that function, and two, whether there are adequate procedures and

controls within the departments to handle the function. *Mr. Ikemoto* stated the role of the Auditor in the decentralization and purchasing, the role in establishing standards and procedures, and the role in monitoring the implementations of procedures and policies. In terms of the capable personnel, he suspected that there is a shortage of capable people.

Chairman Peever thanked *Mr. Ikemoto* for his presentation and commented on how informative it was.

VI. OLD BUSINESS – TASK FORCE REPORTS

Executive Committee Report

The *Executive Director John Campbell* commented that the Executive Committee consists of the chairman of each of the task forces. The Committee had met earlier in the month to determine the status of each of the projects and other matters. As a result the Committee may propose a reorganization of some of the tasks forces and clearer agendas of the task forces that have been in operation. This work program was reviewed with each of the five supervisors, a process which is planned to take place annually. These subjects being considered are those of interest to the supervisors. They want the Commission to continue working on important issues.

Children's Services

Chairman Peever commented that the report on Children's Services within the County was presented to the Board of Supervisors last March. The Board of Supervisors referred the report to the Chief Administrative Office (CAO) and to the Commission for reconsideration. After a lengthy review the five major recommendations in the report the Commission and the CAO had agreed on 4 of them. The 5th recommendation having to do with establishing a multi-jurisdictional counsel to resolve children's issues became controversial. The Sheriff and the CAO recommended a separate approach; the Commission, Children's Services, the Children's Round Table and others supported the approach in the report.

During the January 30th Board meeting the Chairman of the Board announced that a decision would not be made that day because he had received a call from Los Angeles 2000, which is a City Planning Group. They wanted to present their views, thus, the Board delayed a decision until next Tuesday.

The Chairman also reported a compromise on the one remaining issue between the Chief Administrative Officer, the Commission and other parties to go along with the Sheriff's proposal if several changes are made to make it more democratic.

Asset Management

Mr. Charles Kaufman, a staff member, reported that their news was the appointment of a task force chair. This person will proceeding under the new chairman to become active.

Executive Structure

A *commissioner* stated that Commissioner Zimbalist had sent out letters to eleven department heads describing the task force's objectives. The task force will be calling them to set up appointments, with the interviewing process beginning within another week. This interview process should take another six to eight weeks. At that point the task force can consider what it has learned and the recommendations to be made.

Contracting Out County Hospitals

Mr. John Campbell stated that he and *Mr. Kaufman* had been meeting with the counties officials working on contracting. A draft request for proposal has been prepared to hire a consulting contractor to study and analyze the feasibility of contracting. We think that the Commission should enter this process at the point the department has established a clear request for proposal to go to this consultant. A small

task group should be formed for the purpose of evaluating these requests for proposals and to ensure that the intention of the supervisor's motion is met.

Decision Making and Organization Review

Mr. Campbell reported that the Commission has solicited the support of the graduates of a Management Field Study Team at UCLA. It is unknown whether there will be any response. There are about three objectives in decision making and organization proposals all about seven or eight years old. One of them was the County reorganization program - a lot of that was accomplished. Reorganization is not simple. The second objective was the systems work and they are beginning to be productive, the payroll systems are not. The inventory systems are to be the focus of the new task force.

VII. NEW BUSINESS

Evaluation of Feasibility of Contracting Drug Abuse Treatment Services

Mr. Campbell stated that in a motion adopted by the Board of Supervisors on January 30th the Board requested that the Economy & Efficiency Commission evaluate the possibility of finding contracting services for the drug abuse treatment services provided by the Department of Health Services, through the Antelope Valley Rehabilitation Center. The Antelope Valley Rehabilitation Center is now treating numerous people who are abusers of both alcohol and drugs. It might be possible to consider that whole section of substance abuse after this evaluation is concluded. Traditionally the programs for Alcohol Abuse and Drug Abuse have been established by the legislature to be separate. Thus, there is an assumption that these types of drug abuse are separate. But the reality is that the individuals that use these substances may abuse several substances.

VIII. ADJOURNMENT

Upon completion of these presentations *Chairman Peever* adjourned the meeting.