

**LOS ANGELES COUNTY
CITIZENS ECONOMY AND EFFICIENCY COMMITTEE**

ROOM 139, HALL OF ADMINISTRATION / 500 WEST TEMPLE / LOS ANGELES, CALIFORNIA 90012 / 625-3611, Ext. 64605

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April 11, 1973

Honorable Board of Supervisors
383 Hall of Administration
Los Angeles, California 90012

Gentlemen:

AUDIT FUNCTION FOR THE BOARD OF SUPERVISORS

At the Board meeting of April 3, 1973, Supervisor Ward proposed the creation of a new agency which would monitor the costs and effectiveness of various elements of County government. The function would be staffed with 13 to 20 County employees and would report directly to the Board of Supervisors. It would be empowered to investigate any area of County government and report its findings to the Board.

"The Congress of the United States," Supervisor Ward pointed out in his motion, "has developed for its convenience and information a general accounting office, established as an independent office of inquiry. The Board of Supervisors can and should develop a similar office to serve Los Angeles County, completely independent of all existing bureaucratic authority, and reporting directly to the Board of Supervisors even on matters endorsed by the Board itself."

Previous E & E Recommendation

The E & E Commission in 1965, in one of our first reports, recommended that a work measurement and audit function similar to that proposed by Supervisor Ward be established in the Chief Administrative Office. "The audit personnel," the report stated, "would be responsible for conducting a department-by-department review covering the full scope of each department's operation. Their principal responsibility would be to identify problem areas and to assist departmental management in determining the best means to resolve them."

Such a system of systematic and continuing evaluation, the report emphasized, was urgently needed in the County and would provide the Board of Supervisors with increased visibility into departmental operations for improved budgetary control.

Establishment and Operation of the Audit Function

The Board of Supervisors approved our recommendation, and the function was established in late 1965. Since that time, according to a January 1973 report of the Chief Administrative Office, this function

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has conducted audit and work measurement studies in twelve County departments. As a result, 5,095 full and part-time positions have been eliminated from the County payroll. In the Department of Public Social Services, for example, 852 full-time positions have been eliminated as a result of improved productivity standards, principally in the clerical areas. Cumulative savings since the program began are estimated at \$59.2 million.

Supervisor Ward's Proposal

Since the County already has an audit function established in the Chief Administrative Office similar to the function which Supervisor Ward proposes, it would appear that the logical implementation of his proposal should be to transfer the existing function from the Chief Administrative Office to the Board of Supervisors.

Supervisor Ward states that his proposal would free the Chief Administrative Officer from an embarrassing conflict of interest which the present system now forces upon him. "We place him in an uncomfortable, untenable position," the Supervisor points out, "when we ask him to investigate himself."

The Board as Chief Executive

It is questionable, how ever, whether this transfer would achieve the degree of independence for the audit function which Supervisor Ward envisions for it. In the County the Board of Supervisors acts as both the legislative and executive head of the Honorable Board of Supervisors
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government. This clearly puts a limit on the independence of the audit function. In contrast, both the General Accounting Office in Washington and the Legislative Analyst in Sacramento are truly independent, since they report to the legislature only. They are thus completely separated from the executive branch, which it is their responsibility to investigate.

Hence, transferring the audit function to the Board will not place it in a position completely comparable to the General Accounting Office or the Legislative Analyst. It cannot operate in the manner of these two agencies free from all bureaucratic authority, since the Board itself as the chief executive of the County is by definition its chief bureaucratic authority.

Conclusion

The major question, then, which Supervisor Ward's proposal raises is whether the audit function with its still limited independence in relation to the executive branch can achieve a significant improvement in the County's ability to uncover problems as

they arise and to resolve them before they erupt into full blown crises.

Certainly, if an audit function is effective, it should disclose operational failures and excessive costs when they occur. On the other hand, such failures are bound to occur regularly if executive authority is dispersed and strong, day-to-day managerial control is lacking. In such an environment an audit function in itself is limited

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in its ability to prevent these crises from arising in the first place. Yet, this is exactly the situation we find in Los Angeles County government. Five individual Supervisors operate as the County's chief executive, each with his own set of departments reporting to him.

We are convinced, therefore, from our eight years of observation and study of County government, that the executive authority must be separated from the Board of Supervisors and assigned to a single chief executive with clearly defined authority and accountability. With the separation of the executive and legislative branches, an audit function reporting to the legislature could then achieve the complete independence from executive authority which the General Accounting Office in the Federal government now enjoys.

However, our recommendation to separate the executive and legislative functions involves much more, as we indicated above, than the effectiveness of an audit function. County government has not changed fundamentally since the present charter was adopted in 1912. At that time the County was largely rural and had a population of 600,000. County employees numbered 3,000 and the annual budget

amounted to \$4 million. Now the County, except for the Northeastern high desert area, is one vast metropolitan region containing a population of over seven million people. County government employs 78,000 people and the budget amounts to \$2.6 billion.

With this tremendous increase in the size and complexity of the organization, the Board of Supervisors can no longer function effectively as both its legislative and executive head. No matter how

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dedicated the Board members may be, it is an impossible task. No other government the size of the County--the budget is larger than that of 42 states--operates in such a manner. Every large government in the United States separates the legislative from the executive branch in line with the basic principle of the separation of powers incorporated by our founding fathers in the Constitution. All save the County of Los Angeles.

For this reason, of the twelve government officials and government specialists who testified before our commission during its previous study of the County Charter, eleven advocated a strong chief executive, whether appointed or elected. They emphasized repeatedly that in any large and complex organization the responsibility for day-to-day direction must be delegated to a single chief executive.

The Board of Supervisors is a deliberative body and can function very effectively as a legislature. As a chief executive, however, its authority is divided among five different individuals who can make decisions only by a vote of its members in a public meeting. It is thus in a difficult position to provide unified direction and

supervision on a day-to-day basis over an operation as large and complex as the County.

This we believe is the key deficiency in the County organization and the principal reason why operational failures and excessive costs occur. A Charter study task force of our commission is now studying this question and other Charter issues, including the relative merits of an elected versus appointed chief executive.

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We will report our findings to you when we have finished our deliberations.

Very truly yours,

MAURICE RENE CHEZ
Chairman