

Deferred Compensation Plan BOARD REPORT 16-10

Date: February 6, 2016
To: Board of Deferred Compensation Administration
From: Staff
Subject: Deferred Compensation Plan Travel

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation direct staff to conduct analysis and develop proposals for improvements to Plan travel administration to address: (a) clarifying which entity has final administrative authority over Plan travel expenditures; (b) the process of securing Plan travel budget authority; (c) travel arrangement and reimbursement policies; and (d) the feasibility/merits of creating an independent travel policy.

Discussion:

The Board has adopted a Training/Education/Travel policy for the purpose of outlining the process of providing training for the Board members and staff. In addition, the Board is responsible for oversight and approval of disbursement of participant fees from the Plan's Reserve Fund. With respect to reimbursement of specific travel expenses, however, the past practice has been to process approvals through the Personnel Department's Administrative Services Division, which provides oversight of Personnel Department travel generally and interprets the City Controller's Travel Policy, intended for use by all City departments.

The City's Plan is in an unusual status in that even as the Board is intended to be solely responsible for Plan administration (including approving the expenditures of funds), travel authority is requested on behalf of the Board by the Personnel Department through its annual budget process and approval of travel reimbursements is presently subject to Personnel Department approval. Board members have expressed concerns on prior occasions regarding certain aspects of travel administration, including the timeliness, responsiveness and requirements associated with travel requests, reservations and expense reimbursements.

In order to address these concerns and create greater transparency and clarity with respect to the roles, responsibilities and practices associated with travel, staff recommends that the Board direct staff to conduct analysis and develop proposals for improvements to Plan travel administration, to address the following topics:

- (a) Clarifying which entity has final administrative authority over Plan travel expenditures;
- (b) Process of securing Plan travel budget authority;
- (c) Travel arrangement and reimbursement policies; and
- (d) Feasibility/merits of creating an independent travel policy.

With respect to the latter, the Board may wish to evaluate the feasibility/impact of establishing an independent travel policy as has been done, for example, by the Los Angeles Fire and Police Pensions (LAFPP) system and the Los Angeles City Employees' Retirement System (LACERS), on the premise that their Boards have sole and exclusive authority over their respective trust fund assets. Whether the Board may be determined to be in a similar status is a topic that can be explored together with Board counsel.

Ultimately, the objective of this analysis should be to identify the policies and practices that best support the City's Plan in ensuring that Plan assets are administered in the best interests of Plan participants. Upon the Board's approval of staff's recommendation, staff will begin its research and report back as soon as practical.

Submitted by: _____
Esther Chang

Reviewed by: _____
Alexandra Castillo

Approved by: _____
Steven Montagna