

Deferred Compensation Plan BOARD REPORT 12-36

Date: July 5, 2012
To: Board of Deferred Compensation Administration
From: Staff
Subject: Proposed Training/Education/Travel Policy

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation Administration (a) approve the recommendation of the Plan Governance & Administrative Issues Committee to adopt the attached Training, Education and Travel Policy; and (b) direct staff to draft a proposed training program for Fiscal Year 13/14.

Discussion:

At its April 17, 2012 meeting, the Board directed the Plan Governance and Administrative Issues Committee to study a draft training/education/travel policy developed by staff and return with a recommended policy. At a meeting held July 3, 2012, the Committee reviewed the policy and made certain modifications. The policy recommended by the Committee is attached.

The policy attempts to delineate training objectives for Board members and staff and provide for an efficient and judicious use of available resources. It also identifies primary education topics and potential resources for those topics. The policy further provides for adoption of a proposed annual education program which would be effective for the subsequent fiscal year. Included within that program are estimates of any related travel expenditures. Upon adoption, the Personnel Department, on behalf of the Board, would incorporate the requested travel authority in its departmental budget request. The policy provides for a mix of training opportunities, some of which can be brought to the Board and do not involve travel.

Included for the purpose of illustration is a sample of how the annual education program might be structured at a summary level. However, upon adoption of the policy, staff should be instructed to develop a proposed training program for Fiscal Year 13/14 and return to the Board for its adoption. The policy provides that this program be submitted in July of each year, but that date will need to be slightly pushed back for this first year. However, there will still be ample time to incorporate the Board's final action into the FY 13/14 budget request.

The Committee discussed the need to, separately from the policy, further refine the mechanism for creating rotating opportunities for training/travel for Board members and staff. The parameters of this should become clearer as staff refines the first proposed training program.

On behalf of the Plan Governance & Administrative Issues Committee, staff recommends that the Board adopt the attached Training, Education and Travel Policy, and direct staff to draft a proposed training program for Fiscal Year 13/14.

Submitted by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez

**CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN
TRAINING/EDUCATION/TRAVEL POLICIES
BOARD MEMBERS AND STAFF**

Adopted: _____

I. DUTY AND RESPONSIBILITY

The Board recognizes that education and training support the proper fulfillment of Board/staff member roles and responsibilities, and that certain expenditures are required in relation to that and in order to exercise due diligence over Plan operations. The Board further recognizes that all such expenses for training, education and travel are paid from participant fees and therefore all expenditures for these purposes must be appropriate and relevant, paid in accordance with City rules, policies and procedures, and the use of funds judicious, such that the expenditure will result in a demonstrable benefit to Plan participants.

II. OBJECTIVE

The objective of the Board's training and education policy is to promote awareness of the following subject areas involved in administering the Plan, and diligence in providing oversight of Plan operations:

- (a) The obligations and role of a fiduciary and the paramount duties of loyalty and prudence.
- (b) Ethics requirements dictated by State/City law as well as adopted by Board policy.
- (c) The legal and regulatory framework for defined contribution plans generally and Section 457 plans specifically.
- (d) The best practices of similar organizations administering similar programs.
- (e) The ongoing administrative operations, processes and practices involving the Plan's service providers and staff.
- (f) Principles of investment manager selection and performance review.

III. TRAINING & EDUCATION PROGRAM

A. Topics/Resources/Applicability

Following is a summary of primary training/education topics; potential training resources; and their customary applicability to Board members and staff.

Educational Category	Topic	Potential Training Sources	Board Member Training	Staff Training
Orientation	Overview of Plan history, statistics, governance, demographics, fees, and administration.	Personnel Department Staff; third-party-administrator	x	
Fiduciary Responsibilities	Review of fiduciary responsibilities of administering the Plan	External fiduciary training specialists; consultant; Board counsel; third-party-administrator	x	x
Ethics Responsibilities	Review of State and City ethics laws as they relate to contracting, conflict-of-interest, and other topics	Bi-annual State/City training	x	x
Legal/Regulatory	Review of Federal laws and regulations related to administration of a Section 457 plan	Conferences; consultant; third-party-administrator	x	x
Best Practices	Review of best practices of other defined contribution plan administrators	Peer networks; conferences; consultant; third-party-administrator	x	x
Plan Services & Administration	Monitoring of services/operations of Plan third-party-administrator	Site visits for staff; operations training for Board members	x	x
Investments	Review of principles of investing, investment monitoring, and investment menu design relevant to defined contribution plan administration	Consultant; conferences; external training specialists	x	x

B. Internal/In-Meeting Education Resources

The Board may utilize in-house resources periodically at regular Board meetings or organized as stand-alone sessions, available from the following:

- (a) *Personnel Department Staff* – Personnel Department staff may provide expert resources regarding the City’s internal administrative operation of the program, as well as the institutional history of development of rules, policies and procedures.
- (b) *City Attorney Staff* – City Attorney staff may provide expert resources regarding fiduciary, ethics, and legal/regulatory matters.
- (c) *Plan Administrator* – The City’s Plan Administrator may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans and plan services and administration.
- (d) *Consultant* – The Board’s consultant may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.

- (e) *Subject Matter Experts* – Subject matter experts may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.

C. External/Non-Local Education Resources

- (a) *Conferences* – External conference events may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.
- (b) *Business Meetings* – External business meetings of professionals in the field of defined contribution administration may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.

D. Annual Education Program

In July of each year staff will prepare for Board adoption a proposed education program for the fiscal year which begins one year following. Once adopted, Personnel Department staff, on behalf of the Board, will include any travel requests related to the annual education program in the Personnel Department's proposed budget.

In instances where Board members or staff identify seminars, conferences, or meetings involving travel which has not been previously included and adopted in the Personnel Department's budget, Personnel Department staff will facilitate the necessary request for approval.

The education program will include the names of eligible external conferences and training events that Board and staff members may attend. The program will include a maximum number of training slots (including all Board members and the professional staff who support the Plan) for the fiscal year. Because there are limited resources and a limited number of training slots, these slots will be offered to Board members and staff on a sequential basis, such that any Board member or staff who declines or is unable to participate in one training opportunity will be provided first opportunity to participate in a subsequent training opportunity.

IV. TRAINING, EDUCATION AND/OR TRAVEL EXPENDITURE AUTHORIZATION AND REIMBURSEMENT

The following policies will govern all travel in support of training and training and education expenditures paid for by the Plan:

- (a) All training, education, and travel in support of training expenditures must be pre-approved by the Board and Council and Mayor as applicable.
- (b) Notwithstanding subsection (a) the Board Chairperson shall have authority, with the concurrence of the General Manager Personnel Department, to authorize training, education, and/or travel in support of training expenditures of up to \$2,500 per person per event in those instances where an opportunity

- for immediate training is identified and there is insufficient time to bring the training request to the full Board without either (a) losing the training opportunity or (b) creating the likelihood for significantly higher travel expenses due to the proximity of the training event to the next available Board meeting. In no event shall the costs of a training authorized pursuant to this subsection exceed the average per-person conference expense provided for in the Annual Education Program. Staff shall provide a report on expenditures authorized under this provision to the full Board at the next regular Deferred Compensation Board meeting or as soon as feasible.
- (c) All Board members and staff will comply with the travel guidelines set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code, and with the travel policies and guidelines set forth by the Office of the City Controller (attached).
 - (d) To be eligible to attend and be reimbursed for an external conference or training event, all Board members and staff attending are expected to attend all regular days of the event.
 - (e) Reimbursement of training and travel expenses will not be made absent the attendee submitting all necessary documents completed to the satisfaction of Controller guidelines and within the deadlines established by the Controller, including but not limited to travel expense worksheets, required receipts, and conference evaluations.

TRAINING-TRAVEL CALENDAR FY 13/14

DRAFT

EXTERNAL TRAINING										
Conference Travel	Tentative Date(s)	Approx. Per Member Cost	Approx. # Attendees	Maximum Cost	Fiduciary	Ethics	Regulatory	Best Practices	Plan Services	Investments
Natl Assn of Governmental Defined Contribution Administrators (NAGDCA)	Sep-13	\$ 2,500	TBD	TBD	x		x	x		x
Pensions & Investments East Coast or West Coast Conference	Oct-13 / Mar-14	\$ 2,500	TBD	TBD	x		x	x		x
International Foundation of Employee Benefit Plans	Nov-13	\$ 2,500	TBD	TBD	x		x	x		x
Plan Sponsor Conference	Jun-12	\$ 2,500	TBD	TBD	x		x	x		x
Total Conference Travel Slots		\$ 2,500	18	\$ 45,000						
Business Meeting Travel	Tentative Date(s)	Approx. Per Member Cost	Approx. # Attendees	Maximum Cost	Fiduciary	Ethics	Regulatory	Best Practices	Plan Services	Investments
California Defined Contribution Peer Network Meeting(s)	Jun-14	\$ 500	2	\$ 1,000	x		x	x		x
Third-Party Administrator Site Visit	Apr-14	\$ 500	2	\$ 1,000					x	
Total Business Meeting Travel Slots		\$ 500	4	\$ 2,000						
INTERNAL/ONSITE TRAINING										
Training	Tentative Date(s)	Approx. Per Member Cost	Approx. # Attendees	Maximum Cost	Fiduciary	Ethics	Regulatory	Best Practices	Plan Services	Investments
Fiduciary (On-site)	TBD	\$ 200	15	\$ 2,750	x					
Regulatory (On-site)	TBD	\$ 200	15	\$ 2,750			x			
Investments (On-site)	TBD	\$ 200	15	\$ 2,750						x
Total On-site Training Costs				\$ 8,250						

TRAINING EXPENDITURES FY 13/14

\$ 55,250

TRAINING BUDGET FY 13/14

\$ 55,740

DIFFERENCE

\$ 490

📖 ARTICLE 4
POLICY FOR TRAVEL EXPENSES, NON-TRAVEL EXPENSES
AND ELECTED OFFICIALS' CONTINGENCY ACCOUNT
EXPENDITURES

Section

- [4.242.1](#) Scope.
- [4.242.2](#) Definitions.
- [4.242.3](#) Allowable Travel Costs.
- [4.242.4](#) Non-reimbursable Travel Costs.
- [4.242.5](#) Expenses Not Involving Travel Exclusive of Contingent Expenses.
- [4.242.6](#) Contingency Expense.
- [4.242.7](#) Documentation of Expenses.
- [4.242.75](#) Documentation of Purpose and Benefit of Travel.
- [4.242.8](#) Advances and Reimbursements of Funds.
- [4.242.9](#) Required Approval.

📖 Sec. 4.242.1. Scope.

The purpose of this article is to establish City policy relative to:

- (1) allowable costs for travel and for non-travel related expenses for all City employees and elected officials and,
- (2) reimbursable expenses for elected officials' contingency accounts. This article applies to all costs incurred under the stated categories notwithstanding the source of funds and supersedes all existing provisions governing expenditures for these purposes.

SECTION HISTORY

Art. 4, Ch. 5, Div. 4, repealed and re-enacted by Ord. No. 150,608, Eff. 4-6-78.

📖 Sec. 4.242.2. Definitions.

The words and terms defined in this section shall have the following meanings in this article:

(a) “**Department**” means any department, bureau, agency, body, office, or Board of the City of Los Angeles.

(b) “**Department head**” means the general manager, Board, body, or elected or appointed officer having control and management of any department. In the case of the City Council, each member of the Council shall be considered as the Department head for his or her staff, and the President of the Council or his or her designated representative shall be considered the Department head for all other Council employees.

(c) “**Employee**” means any officer or employee of the City other than an elected official.

(d) “**Elected official**” means the Mayor, each member of the City Council, the City Controller or the City Attorney.

(e) “**Convention**” means a regularly recurring or special conference or meeting of the membership of a professional, technical, fraternal or any other type of organization the subject matter of which conference or meeting only broadly relates to City operations.

(f) “**Travel costs**” include all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred which are paid for by the City or which are paid for by the employee or elected official subject to reimbursement by the City when an employee or elected official is required to travel outside the geographic boundaries of Los Angeles County on official City business.

(g) “**Non-travel costs**” include all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred which are paid for by the City or which are paid for by the employee or elected official subject to reimbursement by the City when an employee or elected official is conducting official City business within the geographic boundaries of Los Angeles County.

(h) To constitute “**official City business**”, the activities of an employee or elected official of the City of Los Angeles shall demonstrate:

1. A valid City interest to be served or gained thereby; or
2. Relevance to the City operations or the individual’s role in such operations; or
3. The promotion or development of City programs, methods or administration; or

4. Compliance with instructions or authorization of the Mayor or the City Council.

SECTION HISTORY

Art. 4, Chap. 5, Div. 4, repealed and re-enacted by Ord. No. 150,608, Eff. 4-6-78.

Sec. 4.242.3. Allowable Travel Costs.

It is expected in each instance that an employee or elected official will only incur expenses that a reasonable and prudent person would incur if traveling on personal business. It is also expected that before an employee or elected official incurs expenses due consideration be given to such factors as suitability, convenience, and the nature of the business involved. The following costs are allowable where in conformity with Charter requirements, when employees and elected officials travel on official City business:

(a) **Transportation Expenses.**

1. Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected. Claims for reimbursement of higher fare or extra charges for transportation by scheduled airlines are allowable only if certified by the Department head that he or she has reviewed and concurs with the facts constituting the official necessity.

2. In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of [Division 4, Chapter 5, Article 2](#) of the Administrative Code. In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department head shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less.

(b) **Meals and Lodging.** In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality.

1. An employee or elected official must consider transportation costs, time and other relevant factors in selecting the most economical and practical accommodations. This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held.

2. Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions or other functions necessary for

the conduct of City business are allowable to a maximum of three meals a day. In order for such expenses to be allowable for persons other than the employee or elected official, the Department head must certify that such expenditures were for a public purpose and necessary for the conduct of City business. All employees and elected officials of the City must specify the name(s) and organization(s) of the person(s) hosted and the nature of the City business discussed.

(c) **Ground Transportation.** The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health.

(d) **Automobile Rental.** Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.

(e) **Laundry Service.** Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.

(f) **City Business Telephone Calls.**

(g) **Personal Telephone Calls.** Such expenses are allowable as follows:

One call to the employee's or elected official's immediate family in the locale of the residence of the employee or elected official, if travel is in excess of three (3) days, and one such call for each successive three (3) days thereafter.

(h) **Gratuities.** Such expenses, not exceeding 15%, are allowable where reasonable and customary.

(i) **Registration, Seminar or Meeting Fees Where Required.**

(j) **Other Expenses.** Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department head as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department head.

SECTION HISTORY

Art. 4, Ch. 5, Div. 4, repealed and re-enacted by Ord No. 150,608, Eff. 4-6-78.

Sec. 4.242.4. Non-Reimbursable Travel Costs.

Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.

- (a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle);
- (b) Flight insurance;
- (c) Personal telephone calls (except those specified in Section [4.242.3](#) (g) of this article);
- (d) Expenses for persons other than the employee or elected official, except as specified in Section [4.242.3](#) (b) 2.

SECTION HISTORY

Art. 4, Ch. 5, Div. 4, repealed and re-enacted by Ord. No. 150,608, Eff. 4-6-78.

Sec. 4.242.5. Expenses Not Involving Travel Exclusive of Contingent Expenses.

Employees or elected officials may be authorized to incur expenses within Los Angeles County provided they are incurred in the conduct of City business. Conditions and approval of such expenses shall be in accord with the provisions of Section [4.242.3](#), and with applicable Charter requirements.

SECTION HISTORY

Art. 4, Ch. 5, Div. 4, repealed and re-enacted by Ord. No. 150,608, Eff. 4-6-78.

Amended by: Renumbered due to typo error by Ord. No. 150,957, Eff. 6-13-78, Oper. 4-17-78.

Sec. 4.242.6. Contingency Expense.

Contingency items are those expenses incurred by elected officials of the City of Los Angeles that would not be incurred by them if they were not an elected official. Each expenditure shall be itemized indicating the date, purpose and amount of expenditure. All such expenses shall be certified as being for City public purposes and incurred in the performance of the duties of the elected official. Conditions and approval of such expenses shall be in accord with the provisions of Section [4.242.3](#), and with applicable Charter requirements.

SECTION HISTORY

Art. 4, Ch. 5, Div. 4, repealed and re-enacted by Ord. No 150,608, Eff. 4-6-78.

Sec. 4.242.7. Documentation of Expenses.

All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense, non-travel related expenses, and contingency expenses.

Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip. Non-travel related expenses and contingency expense forms shall be submitted at least on a quarterly basis to coincide with the fiscal year.

The Department head shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.

Receipts shall be provided for transportation costs incurred under Section [4.242.3\(a\)](#), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available.

SECTION HISTORY

Art. 4, Ch. 5, Div. 4, repealed and re-enacted by Ord. No. 150,608. Eff. 4-6-78; Title, Ord. No. 169,134, Eff. 12-22-94.

Sec. 4.242.75. Documentation of Purpose and Benefit of Travel.

(a) Any employee who travels or who attends a convention, the costs of either of which are paid in full or in part by the City, shall, within 30 days of completion of the travel or convention, submit a report to his or her appointing authority summarizing the nature and purpose of the travel or convention and describing the significant information gained and/or the benefits which will accrue to the City as a result.

(b) An elected official shall not be subject to this requirement.

SECTION HISTORY

Added by Ord. No. 169,134, Eff. 12-22-94.

Sec. 4.242.8. Advances and Reimbursements of Funds.

Travel, non-travel and contingency expenses shall be subject to budget limitations for these items. Contingency expenses shall be on a reimbursable basis only. The Controller shall advance, when in conformity with applicable Charter requirements, the amount of funds requested for these purposes upon certification by the Department head that they will be incurred for City business. Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section [4.242.7](#).

SECTION HISTORY

Art. 4, Ch. 5, Div. 1, repealed and re-enacted by Ord. No. 150,608. Eff. 1-6-78.

Sec. 4.242.9. Required Approval.

(a) Advance Council approval shall be needed for foreign travel (except to Canada or Mexico) involving more than one City commissioner. A request for such foreign travel shall be filed with the City Clerk for placement on the next available Council agenda.

(b) All non-elected City officials and all other City employees shall notify the Mayor, the Chair of the Intergovernmental Relations Committee and the Chief Legislative Analyst prior to any travel on City business to Sacramento or to Washington D.C.

SECTION HISTORY

Added by Ord. No. 169,134, Eff. 12-22-94.

Amended by: Subsec. (b) Amended, Subsec. (c) Repealed, Ord. No. 173,492, Eff. 10-10-00.

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