



Plan Governance & Administrative Issues Committee Report 19-04

Date: November 26, 2019
To: Committee
From: Staff
Subject: Training/Education/Travel Policy Revisions

Committee Members

John R. Mumma
Chairperson
Joshua Geller
Wendy Macy
Thomas Moutes

Recommendation:

That the Plan Governance & Administrative Issues Committee (Committee) recommend that the Board of Deferred Compensation Administration (Board) adopt proposed modifications to the Training/Education/Travel Policy (Policy) as detailed in this report.

Discussion:

Originally adopted on July 5, 2012, and last modified on September 18, 2018, the Policy outlines training objectives and types of training and education opportunities applicable for Board members and staff, adoption of an annual training/travel program, and procedures for training, education, and/or travel authorization and reimbursement. At the Board meeting on October 15, 2019, the Board directed staff to convene the Committee to review the Policy for the purpose of clarifying (a) the definition of “staff”; and (b) the approval process for training, education, and travel in support of the DCP.

A. Definition of “Staff”

The current definition of “staff” in the Policy is as follows:

“[S]taff” refers to positions, either in whole or in part, within the Personnel Department providing support to the Board in its administration of the Plan and which have been authorized by the Board for reimbursement from the Plan.

As noted by staff during the October 15, 2019, Board meeting, this definition excludes Personnel Department staff who provide support to the DCP but do not have their salary reimbursed from the DCP, such as the Assistant General Manager (AGM) who oversees the Employee Benefits Division (EBD), including the DCP. Given the AGM’s role in overseeing staff work related to the DCP, staff believes it is beneficial for the AGM to attend training, education, and travel opportunities in support of the DCP. In addition, staff noted that the current

definition of “staff” precludes any City Attorney staff who support the DCP from attending training, education, and travel that could benefit their work with the DCP. As defined contribution plan administration involves complex legal and regulatory issues, staff believes that reimbursement of City Attorney staff education, training, and travel expenses should also be reflected in the Policy. To remedy these limitations of the current Policy, staff recommends amending the definition of “staff” to the following:

“[S]taff” refers to positions within the Personnel Department or City Attorney’s Office providing support to the Board in its administration of the Plan.

Amending the definition of “staff” in the Policy as outlined above will provide for reimbursement of training, education, and travel expenses for all positions within the City Attorney’s Office and the Personnel Department that support the DCP, including the AGM overseeing the EBD.

B. Education/Training/Travel Pre-Approval Process

Board members also expressed concern that the Policy may not require pre-approval of training, education, and travel expenses in support of the DCP. The Board directed staff to review the Policy’s pre-approval process and provide a recommendation to revise it if necessary.

The provisions of the Policy related to the approval of training, education, and travel are currently as follows:

- In the fall of each year, the Board adopts a Training/Travel Program that details available training, education, and travel opportunities for the upcoming fiscal year.
- Board members communicate to DCP staff their interest in training, education, and travel opportunities identified in the Training/Travel Program.
- In accordance with the Office of the Controller’s Travel Policy, approval for travel is required for training farther than 50 miles from the City of Los Angeles. For the DCP, Personnel Department staff travel is approved by the General Manager of the Personnel Department and Board member travel is approved by the Mayor’s Office.
- After travel has concluded, the Board Chairperson approves the Personal Expense Statement (PES) for reimbursement of training, education, and travel expenses submitted by a Board member and staff.


Although the Training/Travel Program is approved by the Board each year, specific attendees participating in the training, education, and travel opportunities identified in the Training/Travel Program are not approved by the Board *prior* to attending. Because training, education, and travel expenses are borne by the DCP, it would be prudent for the Board Chairperson to pre-approve those specific Board members and staff attending the training, education, and travel opportunities identified in the Training/Travel Program. Accordingly, staff

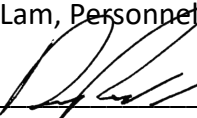
recommends that Section IV.A. of the Policy be revised to clarify the pre-approval process of training, education, and travel for Board members and staff as follows:


Board members and staff who attend training, education, and travel as identified in the Training/Travel Program adopted annually by the Board must be pre-approved by the Board and Council and Mayor as applicable. In reviewing Board member and staff travel, the Board will consider each individual's role in supporting the Plan, the Plan's budget for the Training/Travel Program, the value of the training to the Plan, what other training opportunities the individual has attended during the given fiscal year, and any other relevant factors.

C. Conclusion

Staff recommends the Committee adopt the proposed amendments to the Training/Education/Travel Policy in **Attachment A**. Upon the Committee's approval of the proposed revisions, staff will prepare a report for the Board's consideration at its next scheduled meeting.

Submitted by: 
Mindy Lam, Personnel Analyst

Reviewed by: 
Daniel Powell, Senior Personnel Analyst I

Reviewed by: 
Jenny M. Yau, Senior Management Analyst II

Approved by: 
Steven Montagna, Chief Personnel Analyst

Attachment A

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

Adopted: July 18, 2017

Revised: September 18, 2018

Adopted: September 18, 2018

Revised: _____

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.

For the purposes of training and education, "Board member" refers to the membership of the Board of Deferred Compensation Administration, as indicated in the Los Angeles Administrative Code, Division 4, Chapter 14; and "staff" refers to positions, ~~either in whole or in part,~~ within the Personnel Department or City Attorney's Office providing support to the Board in its administration of the Plan. ~~and which have been authorized by the Board for reimbursement from the Plan.~~

II. OBJECTIVE

The objective of the Board's Training/Education/Travel 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.

Attachment A

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	Completion Status
Orientation	Overview of Plan history, statistics, governance, demographics, fees, and administration.	Personnel Department staff.	x	x	Mandatory
Fiduciary Responsibilities/ Investment Policy Statement	Review of fiduciary responsibilities of administering the Plan; review of the Deferred Compensation Plan Investment Policy Statement	External fiduciary training specialists; consultants; Board counsel.	x	x	Mandatory
Agency Required Training	Completion of the Ethics and Open Government Training, Preventing Sexual Harassment Training, and other topics as required by the City.	Citywide Training Portal/Online Training Academy.	x	x	Mandatory
Legal/Regulatory	Review of Federal laws and regulations related to administration of a Section 457 plan	Conferences; consultants; Third-Party Administrator.	x	x	Recommended
Best Practices	Review of best practices of other defined contribution plan administrators	Peer networks; conferences; consultants; Third-Party Administrator.	x	x	Recommended
Plan Services & Administration	Monitoring of services/operations of Plan Third-Party Administrator	Site visits for staff; operations training for Board members.	x	x	Recommended
Investments	Review of principles of investing, investment monitoring, and investment menu design relevant to defined contribution plan administration	Consultants; conferences; external training specialists.	x	x	Recommended

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:

1. *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.
2. *City Attorney Staff* – City Attorney staff may provide expert resources regarding fiduciary, ethics, and legal/regulatory matters.

Attachment A

3. *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.
4. *Consultant* – The Board’s consultant may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.
5. *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

1. *Conferences* – External conference events may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.
2. *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 Training/Travel Program

In the third quarter of each calendar year staff will prepare for Board adoption a proposed Training/Travel Program for the fiscal year which begins one year following. Once adopted staff, on behalf of the Board, will include any travel requests related to the annual Training/Travel Program in the Personnel Department’s proposed budget.

In instances where the Board approves attendance at seminars, conferences, or meetings involving travel which have not been previously included and adopted in the Personnel Department’s budget, Personnel Department staff will facilitate the necessary request for budgetary approval.

The Training/Travel 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.

Attachment A

E. Mandatory Training

Upon meeting eligibility requirements by virtue of being appointed to a City-designated position or by way of election certification by the Office of the City Clerk, each Board/staff member will be required to complete the following:

1. Orientation

Staff will schedule an orientation meeting with the new Board member prior to the first Board meeting that he/she is eligible to attend or within one month of an employee becoming a Plan staff member.

2. Fiduciary Responsibilities and Investment Policy Statement Training (IPS)

Any newly-elected Board member shall be provided with Fiduciary Responsibilities and IPS training, prepared by the City's consultants, which shall be provided concurrent with or prior to the first Board meeting that he/she is eligible to attend. Board member(s) shall inform staff of completion of the training. Staff shall also be required to complete the training concurrent to or prior to the first Board meeting he/she is eligible to attend.

Starting in July 2018 and every three-years thereafter, staff will schedule the City's consultant(s) to provide a Fiduciary and IPS training at or upon the earliest available meeting in the third quarter (July through September) of the calendar year. Board member(s) not able to attend the meeting shall be provided with a recording of the training and required to inform staff of their completion of the training. Staff shall also be required to complete this training.

3. Agency Required Training

The City of Los Angeles requires completion of training courses to maintain compliance with State and/or Local laws. This requirement extends to Board members and staff. The training may consist of, but is not limited to, the following:

- Ethics and Open Government Training (Ethics Training): Any newly elected Board member shall be required to complete Ethics Training, which includes training on the Ralph M. Brown Act (Brown Act), prior to the first Board meeting that he/she is eligible to attend. Staff shall also be required to complete the training within one month of beginning work with the City's Plan.
- Preventing Sexual Harassment: Any newly elected Board member shall be required to complete Sexual Harassment training prior to

Attachment A

the first Board meeting that he/she is eligible to attend. Staff shall also be required to complete the training within one month of beginning work with the City's Plan.

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. ~~Board members and staff who attend All training, education, and travel in support of training expenditures as identified in the Training/Travel Program adopted annually by the Board~~ must be pre-approved by the Board and Council and Mayor as applicable. ~~In reviewing Board member and staff travel, the Board will consider each individual's role in supporting the Plan, the Plan's budget for the Training/Travel Program, the value of the training to the Plan, what other training opportunities the individual has attended during the given fiscal year, and any other relevant factors, and any other relevant factors.~~
- 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 \$3,000 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 Training/Travel 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 Policy and guidelines set forth by the Office of the City Controller and as may be modified from time to time.
- 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.

Attachment A

- F. The Board Chairperson shall serve as the initial approving authority of a Personal Expense Statement (PES) submitted by a member of the Board and/or Plan staff. The Vice Chairperson shall serve as the initial approving authority of a PES submitted by the Board Chairperson. The Personnel Department will then review and execute the reimbursement in accordance with City policy.
- G. In the event the Personnel Department reaches a finding relative to a PES contrary to both the claim of the individual requesting reimbursement and the finding of the initial approving authority, the Chairperson of the Board of Deferred Compensation Administration, or the Vice Chairperson, if the finding involves the Chairperson's PES, may request that the Personnel Department refer the matter to the City Controller's office for additional review. Any decision of the City Controller relative to the PES shall be final.
- H. At the first Board meeting of each calendar year staff shall prepare a report to the Board indicating all training activity for Board members and staff over the prior calendar year.