

Deferred Compensation Plan BOARD REPORT 17-02

Date: January 12, 2017
To: Board of Deferred Compensation Administration
From: Staff
Subject: City Travel Policy and the Deferred Compensation Plan

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation Administration receive and file information contained in this report regarding City travel policy and Deferred Compensation Plan travel.

Discussion:

A. Background

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 (**Attachment A**). In addition, the Board is responsible for oversight and approval of disbursement of participant fees from the Plan's Reserve Fund. Per Los Angeles Administrative Code (LAAC) Division 4, Chapter 14, Section 4.1407(f), "it is the intent of the City Council that the Plan operate at no cost to the City. Administrative and operating costs are to be defrayed by the participating Employees through direct assessments or fees to be determined by the Board based upon arrangements that the Board may negotiate with service/product providers." (**Attachment B**). Historically, administration of Board/staff travel has been conducted by the Personnel Department, specifically its Administrative Services Division (ASD), which also administers travel for other Personnel Department staff.

Board members have previously requested that staff provide information and options for refining and clarifying authoritative and administrative issues related to Deferred Compensation Plan travel. This report provides background with respect to the various governing documents related to this matter so that the Board can provide direction to staff for further action.

LAAC Division 4, Chapter 5, Article 4 ("Article 4") establishes City travel policy for all City employees and elected officials (**Attachment C**). Article 4 identifies reimbursable and non-reimbursable expenses, approval and reporting requirements, and reimbursement policies. Article 4 further defines "Department" to mean "any department, bureau, agency, body, office, or Board of the City of Los Angeles." Article 4 also provides that, upon conclusion of the travel event, travel expense forms and receipts be forwarded to the City Controller along with a certification from the Department head that all expenditures were incurred in pursuit of City business.

The City Controller publishes a Travel Policy Manual (**Attachment D**) providing guidelines and procedures to be followed by City employees traveling on City business. This document clarifies the provisions set forth in Article 4. The Travel Policy Manual notes that “Charter Section 262 requires the Controller to, among other things, have adequate evidence that (1) the appropriation for the goods or services has been made; (2) the prices charged are reasonable; and, (3) any additional criteria established by ordinance have been satisfied before approving payment of demands drawn upon the Treasury.” The Manual further states that the Controller is authorized to delegate payment functions to departments, and that departments certified under the Certification and Fiscal Monitoring Program (CFMP) are not required to obtain prior Controller approval. However, the Controller nevertheless has the responsibility to regularly review the accounting practices of City departments; it is staff’s understanding that the Controller can revoke certain delegated authorities if a department is found to not be in compliance.

Finally, the Manual notes that “review of Fire and Police Pensions and City Employees’ Retirement System Departments will be in accordance with their Boards’ adopted travel policies since under the City Charter, the Boards have control over their respective trust fund assets, including independent contracting authority for administrative expenditures such as travel.” Both the Los Angeles City Employees’ Retirement System (“LACERS”) and Los Angeles Fire and Police Pensions (“LAFPP”) have adopted policies relative to travel.

Deferred Compensation Plan administration was moved from the City Treasurer to the Personnel Department in 1995. From that point in time, Plan travel has been administered by the Personnel Department’s Administrative Services Division (ASD), which performs budgetary and accounting functions for the Personnel Department, including travel administration. Related to this, travel authority is requested on behalf of the Board by the Personnel Department through its annual budget process.

LAAC Division 4, Chapter 14, establishes that “the Board shall have the sole authority for the operation of the Plan in accordance with its terms and shall rule on all questions arising out of the administration, interpretation and application of the Plan...” As part of identifying the members of the Board, Chapter 14 further identifies, “the General Manager of the Personnel Department who shall coordinate and/or disseminate rulings and responses necessitated by Board actions; and shall, through his/her Office, provide staff assistance and support to the Board.”

B. Options for Travel Administration

In light of the afore-mentioned Administrative Code provisions and City policies, staff makes the following key observations:

- (1) The Administrative Code establishes City travel policy for all City employees;
- (2) Relative to that policy, the definition of a “Department” appears to include a “Board” such as the Board of Deferred Compensation Administration; and
- (3) The Personnel Department is charged with providing staff assistance and support to the Board.

Using the Personnel Department's Administrative Services Division staff/resources to administer travel leverages their broader experience and familiarity with City budget, accounting, and accounting practices. However, there may be situations where disagreements could arise as to the interpretation of the Controller's policies, and in that event current practices could potentially be improved upon by creating an explicit appeals process with the potential to refer those matters to the Controller for final disposition. This would more clearly reflect the Board's effective status as a "Department" based on Article 4. If the Board is interested in considering moving in such a policy direction, the Board could request that staff draft and return with a proposed process at a future meeting.

Submitted by:

Steven Montagna