



RON GALPERIN
CONTROLLER

April 21, 2021

Honorable Members of the Budget & Finance Committee
c/o Office of the City Clerk
200 N. Spring Street, Room 395
Los Angeles, CA 90012

RE: CONTROLLER - MAYOR'S PROPOSED BUDGET FY 2021-22

Dear Honorable Committee Members:

Thank you for the opportunity to submit comments to your Committee regarding our review of the Mayor's budget proposal for the Office of the City Controller. The past year has tested, to the extreme, our abilities to deliver the much needed services Angelenos deserve. The Mayor's FY 2021-22 Proposed Budget for the Office of the City Controller is an adequate start in restoring funds lost during the previous fiscal year due to devastating salary cuts which prevented our ability to fill critical positions. We also appreciate the permanent pool of funding placed directly into our budget for the Accounting Assistance Program.

Next year will bring new challenges to our Office as we complete the migration to a new banking partner, advance our payroll services substantially by onboarding a new human resources and payroll system, and implement our vision for providing public services in a virtual world through our online audits, financial reports, FMS vendor self service, expansion of electronic payment options, and provision of open data tools which make City data more accessible to the public.

Though the Mayor's Proposed Budget gives us the ability to fill some important positions, it only allows us to fill 12 out of 30 existing vacancies, due to a proposed one-time salary reduction. These 30 vacancies do not include the additional 11 positions which were permanently deleted from our budget due to the Separation Incentive Program (SIP). We respectfully request the restoration of funds to the Controller's Office FY 2021-22 budget and also request an addition to our Fraud, Waste and Abuse Unit:



1. One-time Salary Reduction - \$500,000

Less than half of City departments have received this reduction in the Mayor's Proposed Budget. Based on the previous year reduction of 18 percent to our salaries general account, restoring the one-time salary reduction of \$500,000 will enable this Office to fill the significant holes that exist in staffing, by filling six additional finance and accounting vacancies in FY 2021-22 in order to continue to carry out our Charter-mandated responsibilities. Restoration of this reduction will allow us to fill a total of 18 out of 30 vacant positions, as only partial year funding in FY 2021-22 would be required.

2. Special Investigator II - Controller's Fraud, Waste and Abuse Unit - \$109,390

Our office currently only has one Special Investigator to respond to a backlog of 119 reported cases of fraud, waste and abuse (FWA) and to process daily incoming complaints. Due to staffing limitations we are only investigating 20 percent of cases we receive, and are forced to refer the remaining 80 percent to departments to conduct investigations. This is problematic, as it is critical that instances of FWA be evaluated, as much as possible, by independent personnel, with background and training in handling investigations. The results of an independent survey of fraud show that for organizations that have more than 10,000 employees, the average financial loss from government fraud is at least \$125,000 and that supporting efforts to combat FWA, results in a 33 percent decrease in fraud loss. In 2020, our FWA unit recovered at least \$350,000. Our Special Investigator more than pays for itself.

We recognize that resources are limited, and thus we are only requesting one additional Special Investigator II position. Ideally, to fully retain the appropriate number of cases in-house, additional positions would be required, as we have found while comparing our staffing models to similar sized agencies. However, given financial limitations, this one position will enable us to review more cases, perform a proper level of data monitoring and analysis, and increase fraud awareness, through our website, video, and in-person trainings.

We respectfully request that you consider our Office's modest recommended adjustments to the Mayor's Proposed 2021-22 Budget in order to properly support and maintain the City's financial operations. As always, we look forward to our continued collaboration with the Committee and City Council during this budget process and through the next fiscal year.

Sincerely,



Crista Binder
Chief Deputy Controller

Cc: Office of the Mayor
Office of the Chief Legislative Analyst
Office of the City Administrative Officer