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Office of the City Clerk, City of Los Angeles

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**Council File Number**

[04-2415](#)

**Title**

WASTE / FRAUD AND ABUSE INVESTIGATION UNIT / CONTROLLER'S OFFICE

**Subject**

Motion - A number of troubling allegations have been made in recent months regarding instances of waste, fraud and abuse in various City departments and agencies. These occurrences have highlighted a structural gap that exists in the oversight processes for these entities. The City Controller serves as an aggressive "watchdog" of City departments and entities through management and financial audits that have uncovered a myriad of systemic and episodic problems. However, this office is not expressly assigned responsibility or resources for investigating specific allegations of waste, fraud and abuse. To remedy this shortcoming, especially in light of recent allegations, the City of Los Angeles should create a new Waste, Fraud and Abuse Investigation Unit within the Controller's Office with the necessary staffing and resources. Current City procedures require these allegations to be referred to the management of the responsible department. Unfortunately, these internal investigations create an inherent conflict of interest and lack specialized personnel. An independent, specialized team of investigators, with relevant training and experience, would be able to conduct far more comprehensive inquiries into these claims. To be truly meaningful, the Waste, Fraud and Abuse Investigation Unit must be endowed with the necessary authority, including the ability to issue subpoenas, compel testimony and administer oaths. By establishing this unit within the Controller's Office, its staff will have access to these legal tools by utilizing the authority granted to the Controller in Section 217 of the City Charter. When coupled with the necessary resources, this office will provide a powerful means of rooting out wrongdoing and deterring future instances. The City of Los Angeles must take decisive action to combat waste, fraud and abuse within its departments and agencies. The establishment of a Waste, Fraud and Abuse Investigation Unit would be a monumental step in the right direction. With the creation of an office to investigate mismanagement or wrongdoing, the City Council can ensure that it better fulfills its duty to oversee the executive branch and the residents of Los Angeles can begin to rebuild and renew their trust in government. THEREFORE MOVE that the City Controller be requested to report to the Audits and Governmental Efficiency Committee within 30 days relative to the creation of a Waste, Fraud and Abuse Investigation Unit to investigate allegations and complaints in all City departments and agencies. REFER TO COUNCIL FILE 04-2368

**Last Change Date**

01/04/2007

**Mover**

ANTONIO VILLARAIGOSA  
JACK WEISS

**Second**

WENDY GREUEL

**Archive History**

- 11-19-04 - This day's Council session
- 11-19-04 - Ref to Audits and Governmental Efficiency Committee
- 11-19-04 - File to Audits and Governmental Efficiency Committee Clerk
- 12-1-04 - Communication from the Mayor relative to the creation of a new Waste, Fraud, and Abuse Investigation Unit in the City Controller's Office - to Audits and Governmental Efficiency Committee Clerk.
- 1-4-05 - For ref - Communication from the City Administrative Officer 0220-03965-0000, dated January 4, 2005, relative to Fraud, Waste and Abuse Investigation Unit funding request.
- 1-5-05 - Ref to Audits and Governmental Efficiency, Personnel, and Budget and Finance Committees - to Audits and Governmental Efficiency Committee Clerk
- 1-5-05 - For ref - Communication from the Controller, dated January 4, 2005, relative to criteria for

referring whistleblower cases.

1-11-05 - Ref to Audits and Governmental Efficiency, Personnel, and Budget and Finance Committees - to Audits and Governmental Efficiency Committee Clerk

1-20-05 - File to Budget and Finance Committee Clerk

2-4-05 - Council Action - CONTINUED TO February 8, 2005

2-8-05 - Council Action - REFERRED BACK TO Budget and Finance Committee

2-8-05 - File to Budget and Finance Committee Clerk

6-10-05 - For ref - Communication from the City Controller, dated May 25, 2005, relative to the Fraud, Waste, and Abuse Investigation Unit, an update on the current volume of complaints/allegations received by the City Controller's Office and the steps planned to develop the Unit during the coming fiscal year.

6-13-05 - Ref to Budget and Finance Committee - to Committee Clerk

9-13-05 - Council Action - Budget and Finance Committee report ADOPTED, subject to the approval of the Mayor to:

1. RESOLVE that Employment Authority, that the following additional positions in the Office of the Controller for the Governmental Efficiency Unit, for the period of August 15, 2005 through June 30, 2006, subject to paygrade determination by the City Administrative Officer (CAO) Employee Relations Division, is APPROVED:

No. Class Title Class Code

1 Special Investigator I 0602-1

1 Special Investigator II 0602-2

1 Senior Clerk Typist 1368

2. TRANSFER \$240,000 from the Fund 100/Department 58, Unappropriated Balance, Governmental Efficiency Unit Line Item 0173, to the Office of the Controller, Fund 100/26 as follows:

Account No. Account Name Amount

1010 Salaries General \$182,810

3040 Contractual Services 50,000

6010 Office and Administrative Expense 3,590

7300 Furniture, Office and Technical Equipment 3,600

Total \$240,000

3. REQUEST the City Attorney to determine whether it is permissible for the proprietary departments to reimburse the General Fund for costs associated with the investigation of complaints of fraud, waste and abuse occurring within those departments.

4. REQUEST the Controller to report back to the Council on a quarterly basis with a summary of the investigative and financial results achieved by the implementation of the Fraud, Waste and Abuse Investigation Unit.

5. INSTRUCT the Chief Legislative Analyst to work with the City Attorney to draft a resolution that protects whistleblowers from retaliation even if they use a City computer during work hours to make the report.

6. NOTE and FILE the Controller's reports, dated January 4, 2005 and May 25, 2005, relative to the Fraud, Waste and Abuse Investigation Unit and proposed criteria for referring whistleblower cases to other agencies, inasmuch as the reports are submitted for information, and no Council action is necessary.

9-15-05 - File to Mayor FORTHWITH

9-23-05 - Mayor's message concurred in action of September 13, 2005

9-26-05 - File to Calendar Clerk

10-6-05 - File to Budget and Finance Committee Clerk OK

10-11-05 - File in files

4-28-06 - For ref - Communication from the City Controller, dated April 26, 2006, relative to the activity of the Fraud, Waste, and Abuse Unit for the quarter ending March 31, 2006.

5-2-06 - Ref to Audits and Governmental Efficiency Committee

5-2-06 - File to Audits and Governmental Efficiency Committee Clerk

6-20-06 - Council Action - Audits and Governmental Efficiency Committee report ADOPTED to NOTE and FILE the City Controller report, dated April 26, 2006, relative to the Fraud, Waste and Abuse Unit activity report for the quarter ending March 31, 2006, inasmuch as the report is for information only and no Council action is necessary.

6-27-06 - File to Audits and Governmental Efficiency Committee Clerk OK

6-30-06 - File in files

8-22-06 - For ref - Communication from the City Controller, dated August 9, 2006, relative to the activity of the Fraud, Waste and Abuse Unit for the quarter ending June 30, 2006.

8-22-06 - Ref to Audits and Governmental Efficiency Committee

8-22-06 - File to Audits and Governmental Efficiency Committee Clerk

12-19-06 - Council Action - Audits and Governmental Efficiency Committee report ADOPTED to NOTE and FILE the City Controller report, dated August 9, 2006, relative to the Fraud, Waste and Abuse Unit activity for quarter ending June 30, 2006, inasmuch as the report is for information only and no Council

action is necessary.

12-26-06 - File to Audits and Governmental Efficiency Committee Clerk OK

1-4-07 - File in files