



**Office of the Inspector General
Los Angeles Unified School District**

**Special Review of
The City of Los Angeles Invoice No. 23-03
For The
2022 Primary Nominating and General Municipal Elections**

OA 23-1397

June 2, 2023



Los Angeles Unified School District
Office of the Inspector General

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June 2, 2023

Ms. Josie Alejo, Director
Treasury and Capital Fund Compliance
Los Angeles Unified School District
333 S. Beaudry Avenue, 27th Floor
Los Angeles, CA 90017

RE: Special Review of the City of Los Angeles Invoice No. 23-03

Dear Ms. Alejo,

Attached is our report on the Special Review of the City of Los Angeles (City) Invoice No. 23-03 for the June 7, 2022 Primary Nominating Election and the November 8, 2022 General Municipal Election.

The objective of the review was to determine the reasonableness of the City's billing to the Los Angeles Unified School District for election expenses. Our review determined that the invoiced amount was reasonable.

We appreciate your continued support of our audit services.

Sincerely,

Austin Onwualu
Austin Onwualu, CPA, CIG
Deputy Inspector General, Audits

Sue Stengel, Esq., CIG
Inspector General

C: Timothy Rosnick, Deputy Controller

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EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) conducted a special review of the City of Los Angeles (City) Invoice No. 23-03 for the June 7, 2022 Primary Nominating Election and the November 8, 2022 General Municipal Election. The total amount allocated to the Los Angeles Unified School District (LAUSD) for both elections was \$733,288.34, and the amount was to be paid separately to the Office of the City Clerk – Election Division (\$497,695.99) and the City’s Ethics Commission (\$235,592.35).

The review’s objective was to determine the reasonableness of the City of Los Angeles’ invoice for the June 7, 2022 Primary Nominating Election and the November 8, 2022 General Municipal Election. The OIG performed this special review at the request of the Director of Treasury and Capital Fund Compliance.

Based on our review, the City’s invoice to LAUSD was reasonable. The review team verified that the documents (such as payroll data, Cost Allocation Plan (CAP),¹ Indirect Cost Rates,² Special Indirect Cost Rates, invoice from Ethics Commission, and election data) supported the expenses and adequately validated the expenditures. The OIG recommends that LAUSD release the payment of \$497,695.99 and \$235,592.35 to the Office of the City Clerk – Election Division and the City’s Ethics Commission, respectively.

INTRODUCTION

Elections involving the LAUSD occur for LAUSD Board Members in each even-numbered year or when a ballot proposition is proposed that affects LAUSD (such as a bond measure or a parcel tax).³

The City and LAUSD entered into a Memorandum of Agreement (Agreement) for the proration of costs related to the Primary Nominating, General Municipal, and Special Elections for City officers and LAUSD Board of Education members on May 30, 2019 commencing July 1, 2019 and continues in force unless terminated by the City or LAUSD. The purpose of the Agreement⁴ was to:

1. Provide for the City to hold Primary Nominating and General Municipal Elections and Special Elections to fill vacancies as needed for the election of City officers and members of the LAUSD Board of Education.
2. Set forth the methods and procedures for prorating costs incurred because of Primary Nominating, General Municipal, and Special Elections that are to be shared by each party.
3. Establish contribution limits and other campaign requirements for candidates and others who participate in LAUSD elections.
4. Require the Los Angeles City Ethics Commission to administer and enforce the contribution limits and campaign requirements; and
5. Conduct candidate filing and petition verification for LAUSD.

¹ <https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/184/Cost Allocation Plan.pdf>

² See the Conclusion section, Pages 1 and 2:

<https://achieve.lausd.net/cms/lib/CA01000043/Centricity/domain/184/audit files/Indirect Cost Rates and CAP.pdf>

³ <https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/184/MOU Final.pdf>

⁴ [Ibid](#)

RESULTS OF REVIEW

The OIG reviewed the City’s Invoice No. 23-03 and the working papers prepared by the Office of the City Clerk – Election Division and the City’s Ethics Commission for costs associated with the elections. As a result, the OIG found the costs to be reasonable.

The Memorandum of Agreement for Proration of Election Costs⁵ agreed upon by and between the City, and LAUSD states that the election costs to be shared by the City and LAUSD shall be the sum of the Salary Expenses, other Election Expenses, and Campaign Report Processing for each jurisdiction with the deduction of Revenues collected for each jurisdiction. These election costs are summarized in Table 1 below:

**Table 1
Election Costs**

Type	Description	Allocation Basis
Salary Expenses	(1) Permanent Employee Salary Costs.* (2) Temporary Employee Salary Costs.* (3) Permanent & Temporary Employee Overtime Costs.* (4) Allocated Costs from the sum of (1) to (3) incurred for petition verification.	The City’s Indirect Cost Rates (CAP Rates)
Other Election Expenses	Other election expenses include office, miscellaneous election supplies, equipment, software, and furniture.	The ratio of total number of registered voters.
	The sum of the costs of the Los Angeles County Registrar-Recorder/County Clerk related to supporting the petition verification process.	The ratio of the number of candidates who filed for the election.
	The sum of the direct costs of other departments related to the support of an election, such as data services, communications-mail, telephone, and petroleum administration.	The ratio of total number of registered voters.
Revenues	The sum of all revenues collected by the City, including charges for photocopying services and sales of voting district maps.	Actual fees received from each candidate for each jurisdiction.

* Costs include Fringe Benefits, Central Services, and the Department of Administration & Support rate.

The City billed LAUSD in the amount of \$497,695.99 to the Office of the City Clerk – Election Division and \$235,592.35 to the City’s Ethics Commission for reimbursement of costs pertaining to the June 7, 2022 Primary Nominating Election and the November 8, 2022 General Municipal Election. Table 2 is a summary of the expenditures and revenues of Invoice No. 23-03:

⁵ https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/184/MOU_Final.pdf

Table 2
Summary of Expenditures and Revenues

Schedule/Item		Total Costs	
ELECTION EXPENSES			
1. Candidate Filing Expenses		\$10,977.00	a
2. Candidate Filing Expenses (General Election)		1,140.00	a
3. Miscellaneous Expenses (Method B)		32,830.70	a
4. Miscellaneous Expenses (General Election)		3,910.00	a
5. Campaign Costs – Operating Expenses		383.49	b
	Total	\$49,241.19	
SALARIES			
1. Petition Verification (Method A)		\$118,376.39	a
2. Candidate Filing (Method B)		333,768.68	a
3. Campaign Costs – Salaries Ethics		235,208.86	b
	Total	\$687,353.93	
TOTAL EXPENDITURES		\$736,595.12	
REVENUES			
1. Filing Fees (Primary Only)		\$(3,300.00)	a
2. Miscellaneous Revenues (Method B)		(6.78)	a
TOTAL REVENUES		\$(3,306.78)	
Sum of “a” – City Clerk Election Division		\$497,695.99	
Sum of “b” – Ethics Commission		\$235,592.35	
GRAND TOTAL		\$733,288.34	

From the summary of the City’s invoice detail in Table 2 above, the review team selected the line items in “SALARIES,” representing expenditures that are significantly material for our review, and validated the amounts billed to LAUSD. Our review showed that the proration method applied to each category under “SALARIES” conformed to the agreed-upon methodology shown in Table 1 above. The review team validated \$687,353.93, or 94% of the total election expense of \$733,288.34. The review team verified that the documents supporting the costs (such as invoices, payroll data, and allocation worksheets) adequately validated the payroll expenditures.

REVIEW TEAM

This review was conducted by the Office of the Inspector General’s Audit Unit team:

Katharine Monishi, Audit Manager
Derek Kim, Senior Auditor

SCOPE AND OBJECTIVES

The review’s objective was to determine the reasonableness of the City of Los Angeles’ billing to LAUSD for the June 7, 2022 Primary Nominating Election and the November 8, 2022 General Municipal Election. LAUSD’s portion of the cost of the elections was detailed as follows:

<u>LAUSD Share</u>	
a) Election Expenses	\$ 49,241.19
b) Salaries	\$ 687,353.93
c) Filing Fees & Misc.	<u>\$ (3,306.78)</u>
Total Amount Due	\$ 733,288.34

Our review was conducted in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants.

The review team conducted the review from April 28, 2023 to May 23, 2023.

METHODOLOGY

To accomplish our review objectives, the review team (i) reviewed the Memorandum of Agreement pertaining to the proration of costs related to the Primary Nominating and General Municipal Elections for the City officers and LAUSD Board of Education members held pursuant to the Charter of the City of Los Angeles, (ii) examined supporting documentation such as invoices, worksheets, and reports detailing election costs by expense category and cost center, (iii) tested the mathematical accuracy of LAUSD’s share of total election expenses, (iv) selected samples from an identified population to perform testing, and (v) inquired with City of Los Angeles personnel.

PRIOR REVIEW REPORT⁶

The OIG issued Report Number OA 22-1313 entitled *Special Review of the City of Los Angeles Invoice No. 21-01 2021 Campaign Costs* on October 18, 2021. The review team evaluated election expenses associated with the campaign finance work completed by the City’s Ethics Commission for LAUSD for the fiscal year 2020-2021 in the amount of \$536,365.53. The OIG’s review determined that the invoiced amount was reasonable based on supporting documentation provided by the City of Los Angeles, and payment should be released accordingly.

⁶ https://achieve.lausd.net/cms/lib/CA01000043/Centricity/domain/184/audit_files/OA_21-1313_Audit_Report-Review_of_City_of_Los_Angeles_Invoice_No21-01.pdf

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Maybe you know something about fraud, waste, or some other type of abuse in the school district.

The Office of the Inspector General has a hotline for you to call. You can also email or write to us.

If you wish, we will keep your identity confidential. You can remain anonymous, if you prefer. And you are protected by law from reprisal by your employer.

Whistleblower Protection

The Board approved the Whistleblower Protection Policy on February 12, 2002. This policy protects LAUSD employees who make allegations of improper governmental activity from retaliation or reprisal. To assure the reporting of any activity that threatens the efficient administration of the LAUSD, reports that disclose improper governmental activities shall be kept confidential.

General Contact Information

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