



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

**Review of
The City of Los Angeles Invoice No. 20-02:
2020 Municipal Elections Billing**

OA 21-1267

January 22, 2021



Los Angeles Unified School District
Office of the Inspector General

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January 22, 2021

Timothy Rosnick, Deputy Controller
Los Angeles Unified School District
333 S. Beaudry Avenue, 26th Floor
Los Angeles, CA 90017

RE: City of Los Angeles Invoice No. 20-02: 2020 Municipal Elections Billing

Dear Mr. Rosnick,

This is our report on the review of City of Los Angeles Invoice No. 20-02: 2020 Municipal Elections Billing.

The objective of the review was to determine the reasonableness of the City of Los Angeles' billing to LAUSD for March 3, 2020 Primary Nominating Election and the November 3, 2020 General Municipal Election in the amount of \$914,669.90 and \$348,483.62 payable to the Office of the City Clerk – Election Division and Ethics Commission respectively.

Our review determined that the invoiced amounts as stated in the invoice were reasonable and payments should be released accordingly.

We appreciate your continued support of our audit services.

Sincerely,

Austin E. Onwualu

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

William Stern

William Stern, MBA, CIG, CISM, CPP, CFE
Inspector General

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EXECUTIVE SUMMARY

We have conducted a review of Invoice No. 20-02: 2020 Municipal Elections Billing from the City of Los Angeles (the City of LA) to the Los Angeles Unified School District (LAUSD or the District) in amount of \$914,669.90 and \$348,483.62 payable to the Office of the City Clerk – Election Division and Ethics Commission respectively. The objective of the review was to determine the reasonableness of the City of Los Angeles’ billing to LAUSD for March 3, 2020 Primary Nominating Election and the November 3, 2020 General Municipal Election.

We verified that the documents supporting the expenses adequately validated the expenditures. We recommended that the Controller should release the payments to the Office of the City Clerk – Election Division and the Ethics Commission.

INTRODUCTION

LAUSD received an invoice for two payments from the City of LA – \$914,669.90 to the Office of the City Clerk – Election Division and \$348,483.62 to Ethics Commission, for reimbursement of costs pertaining to the March 3, 2020 Primary Nominating Election and the November 3, 2020 General Municipal Election. At the request of the LAUSD Controller, we performed a review of the costs detailed in the invoice.

Elections involving the District occurs for LAUSD Board Members every other year (usually on an odd year), or when a ballot proposition is proposed that affects LAUSD (i.e. bond measure, parcel tax). For the 2020 Primary Nominating and General Municipal Elections, the ballot included four seats for members of the Board of Education, Districts 1, 3, 5, and 7.

RESULTS OF REVIEW

We reviewed the working papers prepared by the City of L.A. employees, which included related documents supporting calculations and proration of costs and found them to be complete and adequately supported.

The Memorandum of Agreement for Proration of Election Costs was agreed upon by and between the City of L.A. and LAUSD on May 30, 2019.¹

The purpose of the Memorandum of Agreement was to:

1. Provide for the City to hold Primary Nominating and General Municipal Elections, and Special Elections to fill vacancies as the need arises, 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 as a result 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

¹ Memorandum of Agreement for Election Costs Billing, page 3
City of LA Invoice No. 20-02

5. Conduct candidate filing and petition verification for LAUSD.

The Memorandum of Agreement also provides that all election costs shall be accumulated by the City of L.A. and accounted for in accordance with generally accepted accounting standards and procedures. In addition, the election billing invoice presented to LAUSD shall be in a form acceptable to LAUSD subject to approval of their authorized representatives. With any election billing provided by the City of L.A., the City upon request shall furnish LAUSD with appropriate accounting working papers used to support the City’s calculations, and cost proration.² On or about August 1 of every year, the City shall submit an invoice to the Board of Education, requesting reimbursement for all costs reasonably incurred during the previous year because of state and local campaign requirements administered and enforced by the Ethics Commission. LAUSD may audit any billing.³

The election costs to be shared by the City and LAUSD shall be the sum of three categories. These are summarized in Table 1 below:

**Table 1
Election Costs**

Type	Description
Election Expenses	Sum of other election costs composed of office, miscellaneous election supplies, equipment, software, furniture, costs of the L.A. County Registrar-Recorder/County Clerk related to support of the petition verification process, and the sum of the direct costs of other departments related to the support of an election.
Salary Expenses	a) Permanent Employee Salary Costs b) Temporary Employee Salary Costs c) Permanent & Temporary Employee Overtime Costs d) Allocated Costs of sum of a) to c) incurred on petition verification
Revenues	Sum of all revenues collected by the City including charges for photocopying services and sales of voting district maps.

The City of LA billed the LAUSD in amount of \$914,669.90 to the Office of the City Clerk – Election Division and \$348,483.62 to Ethics Commission, for reimbursement of costs pertaining to the March 3, 2020 Primary Nominating Election and the November 3, 2020 General Municipal Election. The summary of the expenditures and revenues are as follows:

² Memorandum of Agreement for Election Costs Billing, page 4

³ Memorandum of Agreement for Election Costs Billing, page 6
City of LA Invoice No. 20-02

Table 2
Summary of Expenditures and Revenues⁴

SCHEDULE/ITEM		Total Costs	
ELECTION EXPENSES			
1. Candidate Filing Expenses		\$13,385.43	a
2. Candidate Filing Expenses (General Election)		5,384.50	a
3. Miscellaneous Expenses (Method B)		11,427.95	a
4. Miscellaneous Expenses (General Election)		5,133.41	a
5. Campaign Costs – Operating Expenses		621.96	b
	Total	<u>\$35,953.25</u>	
SALARIES			
1. Petition Verification (Method A)		\$239,406.38	a
2. Candidate Filing (Method B)		644,773.35	a
3. Campaign Costs – Salaries Ethics		347,861.66	b
	Total	<u>\$1,232,041.39</u>	
TOTAL EXPENDITURES		<u>\$1,267,994.64</u>	
REVENUES			
1. Filing Fees (Primary Only)		\$(4,800.00)	a
2. Miscellaneous Revenues (Method B)		(41.12)	a
TOTAL REVENUES		<u>\$(4,841.12)</u>	
Sum of “a” – City Clerk Election Division		\$914,669.90	
Sum of “b” – Ethics Commission		\$348,483.62	
GRAND TOTAL		\$1,263,153.52	

From the summary of the City’s invoice detail in Table 2 above, we selected the line item “SALARIES,” representing expenditures that are significantly material for our review and validated the amounts billed to LAUSD. Our testing showed that the proration method applied on each category under “SALARIES” conformed to the agreed upon methodology shown in Table 1 above. We tested \$1,232,041.39 or 97% of the total election expense of \$1,267,994.64. We verified that the documents supporting the expenses (such as invoices, payroll data, and allocation worksheets) validated the payroll expenditures adequately.

Recommendation

We recommend that the LAUSD Controller should release the payment of \$914,669.90 to the Office of the City Clerk – Election Division and \$348,483.62 to Ethics Commission that are related to the City of Los Angeles Invoice #20-02.

AUDIT TEAM

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

Katharine Monishi, Audit Manager
Derek Kim, Senior Auditor

⁴ Source: The City Clerk – Election Division, City of Los Angeles Summary.
City of LA Invoice No. 20-02

APPENDIX 1

SCOPE AND OBJECTIVES, METHODOLOGY, AND PRIOR REVIEW REPORT

SCOPE AND OBJECTIVES

The objective of the review was to determine the reasonableness of the City of Los Angeles' billing to LAUSD for the March 3, 2020 Primary Nominating Election and the November 3, 2020 General Municipal Election. LAUSD's portion of the cost of the special election is detailed as follows:

<u>LAUSD Share</u>	
a) Election Expenses	\$ 35,953.25
b) Salaries	\$ 1,232,041.39
c) Filing Fees & Misc.	<u>\$ (4,841.12)</u>
Total Amount Due	\$ 1,263,153.52

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

We conducted the review from December 11, 2020 to January 8, 2021.

METHODOLOGY

To accomplish our review objectives, we (i) reviewed the Memorandum of Agreement pertaining to the proration of costs related to the Primary Nominating, General Municipal, and Special 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 selected City of L.A. personnel.

PRIOR REVIEW REPORT

On June 30, 2020, the OIG issued Report Number OA 20-1253, review of Invoice No. 20-01 from the City of Los Angeles for the March 5, 2019 Special Election for the Board of Education, District 5 seat in the amount of \$596,182. Our review determined that the invoiced amount as stated in the invoice was reasonable and payment should be released accordingly.

Know about fraud, waste or abuse?

Tell us about it.

Maybe you are a school district employee, a parent or just a concerned citizen. Regardless, you can make a difference!

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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