

## COMMUNICATION

**TO: LOS ANGELES CITY COUNCIL**

**FILE NO. 11-1020-S1**

**FROM: COUNCILMEMBER BERNARD C. PARKS, CHAIR  
EDUCATION AND NEIGHBORHOODS COMMITTEE**

COMMUNICATION FROM CHAIR, EDUCATION AND NEIGHBORHOODS COMMITTEE relative to the Neighborhood Council Funding Program.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. REQUEST the City Attorney to prepare and present an ordinance which allows Neighborhood Councils to set up checking accounts pursuant to City policies and procedures and oversight and control by the Department of Neighborhood Empowerment (DONE).
2. AUTHORIZE the Controller to:
  - a. Create the Congress/Budget Advocacy account in Fund No. 44B, Department No. 4701, Account No. 47J220.
  - b. Transfer from various Neighborhood Council appropriation accounts, as approved by DONE, to the Congress/Budget Advocacy Account No. 47J220 for a maximum amount of \$100,000.
3. AUTHORIZE the Chief Legislative Analyst to make clarifications or technical corrections as may be necessary to implement Recommendation Nos. 2a and 2b above.

Fiscal Impact Statement: The DONE reports that there is no general fund impact inasmuch as its report was provided for information only. Future costs for the Department funding staff will be considered as part of the Fiscal Year 2013-14 Budget.

Community Impact Statement: None submitted.

### SUMMARY

At a regular meeting held on March 19, 2013, the Chair of the Education and Neighborhoods Committee considered a report from the Department of Neighborhood Empowerment relative to the Neighborhood Council Funding program and revamping all aspects of the current financial system for tracking, documenting, and reconciling Neighborhood Councils' expenditures, including encumbrances and payments.

The General Manager of DONE appeared before the Committee Chair to provide an overview of DONE's report and to respond to related questions. During discussion of this item, the DONE reported that it is recommending a new checking account system to allow Neighborhood Councils to make expenditures from their annual budget allocations. This new system will provide the DONE with increased oversight and allow it to conduct monthly audits of Neighborhood Councils expenditures (instead of quarterly as in the current system). Under the proposed new checking account system, each Neighborhood Council will be required to prepare and submit monthly reconciliations to receive its next monthly allocation of funds. Additionally, the system will allow the reconciliations for each Neighborhood Council to be posted online, providing greater transparency. The DONE will provide education and outreach

to Neighborhood Councils on the funding program and new checking account system which it expects to have in place by July 1, 2013, once the authorizing ordinance is prepared and presented by the City Attorney and approved by the Council.

Due to past accounting practices that have resulted in a current shortfall of approximately \$700,000, the DONE reported it is not allowing encumbrances for Neighborhood Councils for Fiscal Year 2012-13 as it works to resolve this issue. However, some Neighborhood Councils have requested to transfer prior fiscal year funds for the Congress of Neighborhoods in September 2013. Therefore, DONE is requesting setup of a special account to receive the funds to be transferred from Neighborhood Councils specifically for the Congress of Neighborhoods and for the work of budget advocates. The recommendations for creation of the Congress/Budget Advocacy Fund are detailed in Attachment B of the DONE report dated March 15, 2013 (attached to Council File No. 11-1020-S1) and require the approval of the Council and the Mayor.

After providing an opportunity for public comment, the Committee Chair recommended approval of the recommendation in the DONE report as amended to also include the recommendations from Attachment B of the report. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

COUNCILMEMBER BERNARD C. PARKS, CHAIR  
EDUCATION AND NEIGHBORHOODS COMMITTEE

<u>MEMBERS</u>	<u>VOTE</u>
PARKS:	YES
PERRY:	ABSENT
ZINE:	ABSENT

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