



WENDY GREUEL  
CONTROLLER

October 5, 2011

The Honorable Paul Koretz, Chair  
Personnel Committee  
Los Angeles City Council  
200 N. Main St., Room 450  
Los Angeles, CA 90012

Date: 10-5-11  
Submitted in Personnel Committee  
Council File No: 11-1599  
Item No. 2  
Deputy: Controller

Dear Councilmember Koretz:

Over the past several months the City has taken steps to raise awareness of the Fraud, Waste and Abuse Unit within my office. To combat fraud, we have established a citywide hotline, a website for reporting, and staff who investigate allegations. Today, the Personnel Committee is discussing further changes that will help strengthen the City's Fraud, Waste and Abuse ordinance (CF 11-1599).

Recently, the City has experienced a wave of fraud, waste and abuse, which is cause for great concern. We have been made aware of alleged illegal activities and misappropriation of City resources occurring in the Department of Building and Safety, the Department of Transportation, and theft from the City's Animal Shelters. We must guard the City against this type of abuse, particularly if the abuses are systemic.

In early March, I sent a memo to all departments reminding them that Citywide fiscal policy requires departments to report all losses to the Controller's Fraud, Waste and Abuse Unit. In order for my staff to guard the City and prevent against fraud, waste and abuse, departments must adhere to these policies so that I can closely monitor the City's resources and ensure that wrongdoing is remediated immediately.

Without strengthening the City's enforcement and controls to decrease the incidences of fraud, waste and abuse, the City is placing itself at risk. We cannot simply maintain the status quo. Instead we should:

- Enact reforms that help prevent fraud, waste and abuse and bolster the City's reporting;
- Strengthen the Administrative Code so that all waste, fraud and abuse is reported to the Controller's office so that systemic issues can be addressed;
- Implement a training program that will educate City employees about City policies, prevention and reporting; and

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- Continue to establish additional lines of communication to report allegations of fraud or waste of taxpayer funds.

The City's Fraud, Waste and Abuse ordinance must be strengthened to emphasize the reporting language for the Fraud, Waste and Abuse section of the Administrative Code. Additionally, mandating Fraud, Waste and Abuse training in the Administrative Code will ensure that the City's workforce is educated on City policies and laws.

Training is an essential part of the prevention of fraud, waste and abuse. An on-line, easily accessible, annual training program will give City employees and supervisors the tools to gain a better understanding as to how to prevent and report potential wrong-doing throughout the City.

By strengthening the Administrative Code, Los Angeles taxpayers will be better protected from fraud, waste and abuse. Revising the language in the Administrative Code will be a positive step towards curbing these abuses.

I look forward to continuing to work with you to implement these ideas to prevent fraud, waste and abuse and to increase reporting and to stop the misuse and abuse of City resources.

Sincerely,



WENDY GREUEL  
City Controller