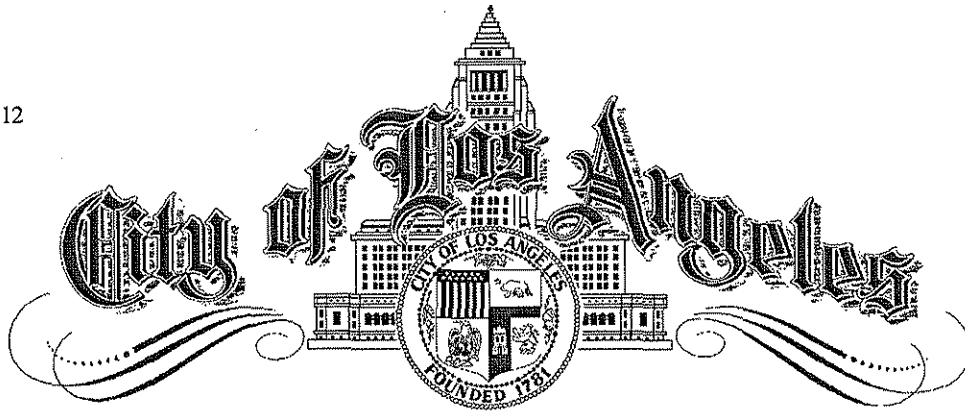


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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 13 - 0020
JAN 11 2013

REPORT RE:

**REVISED DRAFT ORDINANCE TO AMEND THE LOS ANGELES ADMINISTRATIVE
AND MUNICIPAL CODES TO REQUIRE DEPARTMENT REPORTING OF FRAUD,
WASTE AND ABUSE AND EMPLOYEE FRAUD AWARENESS TRAINING**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 11-1599

Honorable Members:

Pursuant to the request of your Honorable Audits and Governmental Efficiency Committee at its meeting on January 8, 2013, this Office has prepared and now transmits for your consideration a revised draft ordinance regarding the reporting of Fraud, Waste and Abuse and employee training requirements relative to such reporting. This draft replaces the draft ordinance previously transmitted with City Attorney Report No. R12-0403, dated December 12, 2012.

Summary of Ordinance

The revised draft ordinance incorporates changes recommended by the Audits and Governmental Efficiency Committee. Those changes include requiring Departments to report fraud, waste, and abuse within 10 days of discovery of information that reasonably indicates that the matter involves fraud, waste, or abuse. Additionally, the reporting obligation no longer expressly requires reporting all such matters to the Los Angeles Police Department. The fraud awareness training requirement has been amended to make clear that the Personnel Department is

responsible for providing the on-line training, with assistance of the Information Technology Agency, City Controller, Ethics Commission, and City Attorney and to specific that all full-time City employees are required to complete the training at the time of hire and every two years thereafter. An amendment to the City's Ethics Ordinance is also included in this ordinance to codify the fraud awareness training requirement in that code so that potential penalties for failure to take the training may be enforced in accordance with other ethics violations, including administratively by the City Ethics Commission.

If you have any questions regarding this matter, please contact Deputy City Attorney Renee Stadel at (213) 978-7100 or Sr. Assistant City Attorney Zna Houston at (213) 978-7140. They or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:RS:pj
Transmittal

cc: City Controller
City Ethics Commission
Personnel Department

ORDINANCE NO. _____

An ordinance amending the Los Angeles Administrative Code Section 20.60, *et seq.*, regarding the Controller's Fraud, Waste and Abuse Unit to require Department reporting of fraud, waste and abuse and employee fraud awareness training.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Sections 20.60.4, 20.60.5, and 20.60.6 of the Los Angeles Administrative Code are as renumbered 20.60.5, 20.60.7, and 20.60.8, respectively.

Sec. 2. A new Section 20.60.4 is added to the Los Angeles Administrative Code to read as follows:

Sec. 20.60.4. Reporting Requirements.

Except as prohibited by applicable law, City departments and appointed offices are required to report matters involving potential fraud, waste, or abuse within 10 days of discovery of the information that reasonably indicates that the matter involves fraud, waste or abuse. City departments shall concurrently report the information to the Unit and the Ethics Commission for investigation or appropriate action.

For purposes of this Section, the following definitions apply:

Fraud: Any intentional act or omission designed to deprive the City of its resources to which the individual or person is not entitled, including but not limited to making false statements or submitting false documents, withholding or misrepresenting material facts, bribery, or unauthorized disclosure of confidential procurement documents.

Waste: The extravagant or excessive expenditure of City funds above and beyond the level that is reasonably required to meet the needs of the City or the consumption or use of City resources that is not knowingly authorized.

Abuse: The improper use of City resources in a manner contrary to law or City policy or the improper use of one's position for private gain or advantage for themselves or any other person where not otherwise lawful.

Sec. 3. Section 20.6.5 of Los Angeles Administrative Code is amended to read as follows:

City departments and other entities are expected to cooperate with the Unit when requested to do so. This cooperation may take the form of responding to information requests or providing staff support to the Unit on a limited basis as the needs and legal

restrictions of City departments and other entities allow. Staff providing support to the Unit shall treat all information concerning Unit investigations as confidential.

Sec. 4. A new Section 20.60.6 is added to the Los Angeles Administrative Code to read as follows:

Sec. 20.60.6. Training.

All full-time City employees must participate in Fraud Awareness Training sponsored by the Unit and provided by the Personnel Department with the assistance of the Information Technology Agency, Ethics Commission, and City Attorney, and to coincide, to the extent possible, with the City's mandatory ethics training. Failure to complete the training as required shall subject those employees to possible enforcement as further provided in the Governmental Ethics Ordinance.

Sec. 5. Section 49.5.18 of the Los Angeles Municipal Code is amended to read as follows:

SEC. 49.5.18. ETHICS AND FRAUD AWARENESS TRAINING.

A. Ethics Training

All City officials are required to complete in an ethics training no less than once every two years conducted by the City Ethics Commission, in partnership with the Office of the City Attorney. These training sessions shall be structured to assure that each participant has knowledge to comply fully with all of the relevant ethics laws governing their service to the City of Los Angeles.

B. Fraud Awareness Training

All full-time City employees are required to complete on-line training for fraud awareness at the time of entering City service and once every two years thereafter. The training shall be developed by the City Controller's Fraud, Waste and Abuse Unit and provided by the Personnel Department as described in the Los Angeles Administrative Code.

Sec. 6. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk


By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By 
RENEE A. STADEL
Deputy City Attorney

Date 1/11/2013

File No. CF 11-1599