



RON GALPERIN  
CONTROLLER

April 24, 2020

Honorable Members of the  
Budget & Finance Committee  
% Office of the City Clerk  
200 N. Spring Street, Room 395  
Los Angeles, CA 90012

**RE: CONTROLLER - MAYOR'S PROPOSED BUDGET FY 2020-21**

Dear Honorable Committee Members:

Thank you for the opportunity to submit a budget letter to your Committee regarding our review of the Mayor's budget proposal for the Office of the City Controller. We recognize that the City is facing unprecedented times as all Angelenos are suffering from the impacts of the COVID-19 crisis. We also realize that the City is just starting to understand how this devastating virus will impact the City's finances. We do want to bring to your attention that at this time it is critical that the City's departments that support financial functions be funded at a level that maintains these operations in order to account for City expenses, effectively collect, track and estimate revenue, and pay employees timely and accurately.

The Mayor's FY 2020-21 Budget for the Office of the City Controller includes an overall 18% reduction from the prior fiscal year or \$3,680,357. All but \$10,000 of this budget reduction is in our Salaries General account. The reduction to this account equates to a 19% reduction in salaries and actually starts us off in the new fiscal year in a deficit position. While recognizing that all City departments are receiving budget reductions, we feel that the reduction to the Controller's Office will be a detriment to supporting the City's financial operations while we endure this crisis.

We respectfully request that the Controller's Office have funding and authority restored/added for the following:

**1. Correct Unbalanced Salary Deficit - \$300,000**

Restore funding of \$300,000 to correct the unbalanced deficit in our Salaries General account to pay obligatory costs for employee sick leave and retirement payouts and to

ensure that we have the minimum staffing level to continue to carry out our Charter-mandated functions.

**2. Payroll System Replacement - \$180,160**

Restore funding of \$180,160 to allow the Controller's Office to fill vacant positions that are needed to support the Human Resource Payroll system replacement project. The project is reaching a critical milestone as the City recently executed contracts with Workday to begin the system development.

**3. Special Investigator II - Controller's Fraud Waste and Abuse Unit - \$109,390**

The Controller's Office currently has authority for one Special Investigator II to respond to a backlog of 119 reported cases of fraud, waste and abuse. It should be noted that due to staffing limitations we are only investigating 20% of cases and referring the remaining 80% to departments to conduct investigations. The results of an independent survey of fraud show that for organizations that have more than 10,000 employees, the average loss from government fraud is \$125,000 and that supporting efforts to combat fraud, waste and abuse, result in a 33% decrease in fraud loss.

We are only requesting one additional position which would still keep this function understaffed based on a comparison to other governmental agencies. However, given the current financial situation, this one position will enable us to review more cases, perform data monitoring and analysis, and increase fraud awareness, through our website, video, and in-person training.

We respectfully request that you take into consideration our modest recommended changes to the Mayor's Proposed 2020-21 Budget in order to support and maintain the Controller's Office financial operations, and as always, we look forward to our continued collaboration with the Committee and City Council during this budget process.

Sincerely,



Crista Binder  
Chief Deputy Controller

Cc: Office of the Mayor  
Office of the Chief Legislative Analyst  
Office of the City Administrative Officer