

LOS ANGELES POLICE COMMISSION

***OFFICE OF THE
INSPECTOR GENERAL
FINANCIAL DISCLOSURE
AUDIT- FISCAL YEAR 2009/2010***



Conducted by the

OFFICE OF THE INSPECTOR GENERAL

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Acting Inspector General

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**OFFICE OF THE INSPECTOR GENERAL
FINANCIAL DISCLOSURE AUDIT
FISCAL YEAR 2009/2010**

PURPOSE

The Office of the Inspector General (OIG), in accordance with the Transition Agreement and pursuant to its Audit and Review Plan, has completed its initial Financial Disclosure Audit. The purpose of this Audit was to determine compliance with Special Order No. 20, 2008, entitled "*Confidential Financial Disclosure Policy and Procedures for Gang Enforcement Detail and Narcotics Field Enforcement Section Units - Established,*" effective March 29, 2009.

BACKGROUND

The Transition Agreement, approved by the United States District Court on July 20, 2009, requires various OIG reviews including an audit of the implementation of the Financial Disclosure program, as set forth in Special Order No. 20, 2008. This Special Order is applicable to sworn officers of the rank of lieutenant or below in a Gang Impact Team (GIT), Gang Enforcement Detail (GED), Community Law Enforcement and Recovery Unit (CLEAR), Gang and Narcotics Division (GND), or Narcotics Enforcement Detail (NED) assignments. Officers selected for these assignments on or after March 29, 2009, are immediately subject to these financial disclosure requirements, while incumbent officers receive a two-year exemption from the reporting requirements. As of December 30, 2009, there were 659 officers in these assignments, including 31 officers selected for the assignments on or after March 29, 2009.

Special Order No. 20, 2008, provides that each officer selected for an assignment into GIT, GED, NED, CLEAR or GND is required to complete a Confidential Financial Disclosure Face Sheet and Confidential Financial Disclosure Report (1.74 Form). The 1.74 Form is used to document the officer's assets, liabilities and income sources. Internal Audits and Inspections Division (IAID) is responsible for the initial intake, review and annual audit of the 1.74 Forms. Additionally, the Office of the Chief of Police (OCOP) is responsible for storing all completed 1.74 Forms in a secured/locked location and destroying the documents at the completion of the officer's assignment.

The Financial Disclosure process is initiated once an officer has been selected for transfer to a GIT, GED, NED, CLEAR or GND assignment. The Officer in Charge (OIC) or Commanding Officer (CO) of the receiving GIT, GED, NED, CLEAR or GND division provides the officer with a 1.74 Form and directs the officer to complete the documents. The Financial Disclosure Coordinator (FDC), assigned to IAID, meets and discusses the completed 1.74 Form with the officer and reviews the officer's documents for obvious errors or omissions. The FDC and Commanding Officer of IAID then approve the completed 1.74 Form, and the FDC covers the completed documents to an electronic file stored on a compact disk. The FDC destroys the 1.74 Form paper documents and any supporting documentation within seven days, unless retrieved by the officer. The FDC relinquishes the compact disk to the Special Assistant for Constitutional Policing, who reviews the electronic file before delivering the compact disk to the Chief of Police. The Chief of Police reviews and approves the file documents. Upon approval, the OIC of the receiving GIT, GED, NED, CLEAR or GND division is advised that the officer can begin work in the assignment.

To ensure compliance with Special Order 20, 2008, the Department maintains Financial Tracking Sheets which list all officers in GIT, GED, NED, CLEAR and GND assignments. Each deployment period, the FDC receives and examines these Financial Tracking Sheets as well as Deployment Period System records to identify all employees recently selected for a GIT, GED, NED, CLEAR or GND assignment. The FDC then ensures that each identified officer begins the Financial Disclosure process.

METHODOLOGY AND SCOPE

The time period selected for the Audit was March 29, 2009, to December 30, 2009. During the selected time period, 31 officers were transferred to a GIT, GED, NED, CLEAR or GND assignment. The OIG reviewed the completed 1.74 Forms for all 31 officers. As part of the Audit preparation, the OIG reviewed the procedures and controls utilized during the intake process, review, approval and storage of the completed 1.74 Forms.

The OIG conducted this Audit in accordance with generally accepted government auditing standards. These standards require that the Audit is adequately planned, performed and supervised, and that sufficient, appropriate evidence is obtained by applying review procedures which assess whether a reasonable basis for the findings and conclusion were contained herein.

SUMMARY OF RESULTS BY OBJECTIVE

The table below shows a summary of results by Audit objective:

Audit Objective	Compliance %
1. Determine if each officer submitted a completed 1.74 Form.	100% (31/31)
2. Determine for each officer if the completed 1.74 Form was received prior to the effective date of the transfer.	100% (31/31)
3. Determine for each officer if all required sections of the 1.74 Form were completed.	100% (31/31)
4. Determine for each officer if the completed 1.74 Form was stored in a secured and locked location at the OCOP.	100% (31/31)
5. Determine if there was evidence that the Department reviewed the 1.74 Forms to ensure completeness.	100% (31/31)

DETAILED RESULTS BY OBJECTIVE

Objective No. 1 - Determine if each officer submitted a completed 1.74 Form.

Background

The Transition Agreement requires that the OIG assess whether all officers subject to the requirements of the Confidential Financial Disclosure Policy submit a 1.74 Form.

Special Order No. 20, 2008, requires that the 1.74 Form be submitted by all sworn officers of the rank of lieutenant or below and in a GIT, GED, CLEAR, GND or NED assignment. Officers selected for these assignments on or after March 29, 2009, were immediately subject to the

financial disclosure requirements, whereas incumbent officers received a two-year exemption from the reporting requirements.

Testing Results

The Department was 100% compliant. A 1.74 Form was submitted by each officer that transferred into a GIT, GED, CLEAR, GND or NED assignment. The OIG examined the Financial Tracking Sheets and Deployment Period System records covering the period from March 29 to December 30 of 2009 to verify that 31 officer transfers was the exact total. The OIG further examined the completed 1.74 Forms to confirm the total.

Objective No. 2 - Determine for each officer if the completed 1.74 Form was received prior to the effective date of the transfer.

Background

The Transition Agreement requires that the OIG assess whether the subject officers submitted the 1.74 Form within ten days of being selected.

Special Order No. 20, 2008, requires that the officer complete and return the 1.74 Form within ten days of being selected and prior to assignment to a Financial Disclosure required unit. The Department's application of this requirement was to necessitate the submission and approval of the 1.74 Form prior to the officer's transfer date into a GIT, GED, CLEAR, GND or NED assignment.

Testing Results

The Department was 100% compliant. A 1.74 Form was received from each officer prior to the officer's transfer date into a GIT, GED, CLEAR, GND or NED assignment. The OIG compared Deployment Period System record transfer dates with the 1.74 Form approval dates to verify this objective.

Objective No. 3 - Determine for each officer if all required sections of the 1.74 Form were completed.

Background

Special Order No. 20, 2008, requires that each officer complete both a Confidential Financial Disclosure Face Sheet (Form 1.74.00) and a Confidential Financial Disclosure Report (Form 1.74.01). The primary purpose of the Face Sheet is to certify that the officer has fully disclosed all required information, and to document approving signatures from IAID's CO and FDC. The primary purpose of the Report is to record the officer's assets, liabilities and income sources, and to certify that the recorded information was true and complete.

Testing Results

The Department was 100% compliant. A Face Sheet, with the officer's signature and the required approvals, was completed for each officer. A Report, with the officer's signature and all three 1.74 Form sections (Assets, Liabilities and Outside Income), was completed for each of the officers. The OIG examined the Face Sheet and Report (after converted to an electronic file and stored on a compact disk) for each officer to verify this objective.

Note: The Transition Agreement stipulates that "The Parties agree that the OIG's review of the financial disclosure program will be limited to a review of the procedures and protocols outlined in Special Order No. 20. Neither the OIG nor the United States shall conduct a substantive review of the financial information contained within the submissions by individual employees." Hence, the OIG did not examine any documents to substantiate reported information (regarding assets, liabilities or outside income) or to possibly discover unreported information (regarding assets, liabilities or outside income).

Objective No. 4 - Determine for each officer if the completed 1.74 Form was stored in a secured and locked location at the OCOP.

Background

The Transition Agreement requires that the OIG evaluate whether the 1.74 Forms are being stored in the manner as set forth in Special Order No. 20.

Special Order No. 20, 2008, requires that the completed 1.74 Forms be stored in a secured and locked location in the OCOP. The Forms are considered confidential and Special Order No. 20, 2008, requires that the OCOP maintain the Forms until their date of destruction.

Testing Results

The Department was 100% compliant. The OIG inspected the storage facility and observed that all 31 1.74 Forms were stored on compact disks; placed inside individually sealed envelopes; and, maintained inside a locked file cabinet. The file cabinet was located inside a locked windowless room located within the OCOP. Access to the windowless room is controlled by a single key which is maintained by an assistant to the Chief of Police.

Objective No. 5 - Determine if there was evidence that the Department reviewed the 1.74 Forms to ensure completeness.

Background

The Transition Agreement requires that the OIG assess whether the Department is reviewing the Financial Disclosure Forms to ensure completeness and is verifying that the necessary supporting documentation is being provided.

Special Order No. 20, 2008, requires that IAID review each 1.74 Form for completeness, review the related supporting documentation, sign the Face Sheet in the presence of the employee and provide the employee an opportunity to respond in writing to any areas of concern.¹

Testing Results

The Department was 100% compliant. The OIG determined that the Department was reviewing the Financial Disclosure Forms for completeness and was verifying that supporting documentation was being provided. To reach this conclusion, the OIG interviewed the FDC, examined the FDC's documentation of officer meeting dates and examined the FDC's notes from a limited number of the officer meetings.²

MANAGEMENT RESPONSE

IAID is in general agreement with the OIG audit.

RECOMMENDATIONS

There are no recommendations for this report.

CONCLUSION

The OIG concluded that the procedures and controls over the intake, review, approval and storage of 1.74 Forms were adequate to ensure compliance with Special Order 20, 2008. The OIG determined that for each of the 31 transferred officers, the 1.74 Form was timely received, properly completed, properly approved, and adequately secured.

¹ Consent Decree Bureau (CDB) is now known as the Special Assistant for Constitutional Policing (SACP). The SACP has designated IAID to intake, review, and provide approvals in this process.

² According to IAID, officers may elect to have meeting notes shredded or they may chose to pick up the notes from the Office of the Chief of Police within 7 days.