

July 27, 1999

To: Board of Directors (Executive Committee--Information)

From: General Manager _____

Submitted by: Board Executive Officer _____

Subject: Reporting of Directors' Expenses

RECOMMENDATION(S)

Information only.

EXECUTIVE SUMMARY

Director Thom Coughran (City of Santa Ana) has requested in a letter to the Chairman (**Attachment A**) that staff prepare monthly reports summarizing monthly and year-to-date cumulative individual Directors' Metropolitan business expenses and other information as specified. Some, but not all, of this information is captured in a special purpose report which is prepared solely for public disclosure pursuant to Government Code § 53065.5 (**Attachment B**). The Rules Committee requested that background information on this matter be provided to the Executive Committee to facilitate discussion of Director Coughran's proposal.

DETAILED REPORT

Government Code § 53065.5 requires special districts such as Metropolitan to prepare at least annually a report which discloses all individual charges for reimbursement of expenses of at least one hundred dollars (\$100). "Individual charges" include each meal, day of lodging, transportation, or activity registration fee. This reporting requirement applies to all reimbursements, including Directors and employees. The report is supposed to be prepared in printed form by May of each year and made available for public inspection upon request. The most recent report was approximately 1,200 pages long. A sample page of this report is attached (**Attachment C**).

Currently, Section 6331 of Metropolitan's Administrative Code sets forth the procedures and requirements for the preparation, approval and processing of employees and Directors' expense claims (see **Attachment B**). Such expense claims involve all expenses incurred for Metropolitan business purposes, regardless of amount. Directors' expenses are compiled and reported through the Executive Secretary into the Directors Accounting and Travel Expense Reporting System (DATERS). This data goes into the Travel Expense Report System (TERS), which processes cost data into the Oracle financial system. Staff currently is implementing an upgrade to the

TERS system which when complete will enable the Executive Secretary to input Directors' expense reports directly into TERS rather than relying on the DATERS system.

In a letter to the Chairman dated June 14, 1999, Director Coughran requested that the Board direct staff to prepare monthly reports summarizing, by major category of costs, all monthly and year-to-date cumulative Director-related travel, lodging, conferences, and other Metropolitan expense activities. This report would also include a comparison between fiscal year budgeted and actual amounts for Board of Director travel and expenses, along with information on any problems such as delinquencies in reporting, failure to report, or reporting of inappropriate items. The report would be provided on a monthly basis to the Chairman, Auditor, General Manager, and Directors for their information. In late 1998, the Auditor recommended that the Board Chairman consider implementing such reports to enhance director awareness of expense activities and to promote accountability.

The portion of such a report summarizing expenses might be formatted as follows for all Directors:

	Description of Event, if Applicable	Hotel	Airfare	Meals	Conf. Fees	Transportation	Mileage	Other	Total	Comments
Director										
Total										

The information requested by Director Coughran is currently available within DATERS and TERS and the requested monthly reports could be provided by staff if desired by the Board. Under the Public Records Act, the public would have access to this report upon request.

This matter is presented for the Board's information and consideration

PVH

Attachment 10-11A

Attachment 10-11B

Attachment 10-11C

Attachment 10-11A

MAYOR
Miguel A. Pulido
MAYOR PRO TEM
Thomas E. Lutz
COUNCILMEMBERS
Lisa Bist
Alberta D. Christy
Brett Franklin
Patricia A. McGuigan
Ted R. Moreno

June 14, 1999



CITY OF SANTA ANA
PUBLIC WORKS AGENCY
220 S. Daisy Ave., M85 • P.O. BOX 1988
Santa Ana, California 92702

Attachment A to Board Letter 10-11
Legal Department
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CITY MANAGER
David N. Ream
CITY ATTORNEY
Joseph W. Fletcher
CLERK OF THE COUNCIL
Janice C. Guy

Mr. Phil Pace
Chairman
Metropolitan Water District of
Southern California
700 North Alameda Street
P.O. Box 54153
Los Angeles, CA 90054

Dear Chairman Pace;

This letter is a follow up to my issue on Agenda item 8-10 (Administrative Code clean-up items) presented at the Executive Committee held Tuesday, June 8, 1999 addressing the Board members expenses or its lack of reporting.

You may recall I brought up the issue of providing report covering the Director's expenses and thought it appropriate to include it in Chapter 7 - Periodic Staff Reports to Board and Committees, Article 1-5, which discusses a variety of reporting. No where does it address the Board Members monthly or annual expenses.

I propose this Director expense report should summarize, by major category, the costs of all Director related travel, lodging, conferences and related expense activities, both monthly and cumulative for the year. The report would reflect the FY budget vs. actual comparison, and should also include any highlights that would allow the Executive Secretary to report monthly on significant activities identifying problems. This could include Directors whom may be delinquent in filing expenses or inappropriately filing an expense report. All Directors should set an example of being accountable, particularly with the budget. I would envision the report would be provided to the Chairman, Auditor, General Manager and Directors for their information.

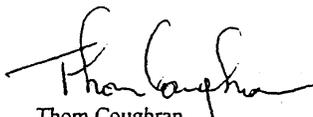
Additionally, as a result of several new Directors on the Board, maybe it is appropriate to develop a more definitive policy or guidelines concerning travel and expense activities by Director. The guidelines could address the rules or expectations, specify the processes for proper and timely handling of travel arrangements, expense reporting and recording. Perhaps authorize the Executive Secretary to reject travel requests, changes in arrangements, expense claim items and/or other activities, which are inconsistent with MWD's acceptable business practices.

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As you aware, MWD continues to be under scrutiny by various interest groups. I would not want to again read in the newspaper about Directors misspending funds. I believe this would be additional means to track the Directors budget each year and how we can stay within budget. A "slap in the face" on one Director is a slap in the face to all.

Sincerely,



Thom Coughran
Member, Board of Director

c: Ron Gastelum, General Manager

mwdreporting

Attachment 10-11B

THE METROPOLITAN WATER DISTRICT ADMINISTRATIVE CODE

§ 6331. Preparation, Approval and Processing of Claims.

(a) Expense reports shall be prepared and approved using a standard District form for such purpose.

(b) Expense accounts shall be prepared and submitted by directors and employees under the following circumstances in accordance with the schedules outlined herein:

(1) Directors and employees who incur expenses on behalf of the District, or who travel on or engage in District business which requires the expenditure of funds on their behalf, shall prepare an expense claim form to document the purposes and costs of such activities, even if no reimbursement is being requested. Notwithstanding the foregoing, no expense report need be prepared by a director or employee for a function and/or meals sponsored by the District other than for personal expenses charged to the District which must be reimbursed to the District, or for travel or miscellaneous expenses incident thereto which the directors or employee paid and which are reimbursable to said director or employee. As used herein, the term "District sponsored" includes, but is not limited to, meals provided at District facilities, tours for or sponsored by directors, off-site Board workshops, and such other events as may be designated in advance by the Chair of the Board or the General Manager.

(2) Directors' expense claims shall be submitted to the Executive Secretary's office no later than the end of the month following the month in which the director incurred the expenses or participated in an activity for which District funds were utilized on the director's behalf.

(3) Employees' expense claims, approved in accordance with the provisions of this section, shall be submitted to the Finance and Business Services Division no later than the end of the month following the month in which the employee incurred the expenses or participated in an activity for which District funds were utilized on the employee's behalf.

(4) In no event shall the District process claims by a director or employee for any expenses that he or she incurs on the District's behalf if the claim for reimbursement of such expenses is not submitted within 90 days after the expenses were incurred. Extensions of time may be granted by the Department Head in the case of employees, or by the Chair of the Board in the case of directors when the circumstances causing the delinquent filing are exceptional.

(5) Directors and employees who fail to provide a proper and timely accounting of any of their activities which have utilized District funds may be subject to recognition of taxable income on such amounts expended by the District on their behalf in accordance with applicable tax regulations.

(c) The expense reports of all directors shall be reviewed and approved by the Executive Secretary. Department Heads' expense reports shall be verified as accurate by their respective executive secretaries. The expense reports of assistant department heads and division managers shall be approved by their department heads. All other employee expense reports shall be approved by the employees' authorizing supervisors up through the division manager level, as applicable.

(d) All approved expense reports shall be submitted to the Controller's Branch of the Finance and Business Services Division for review, processing and, if appropriate, reimbursement of amounts due the claimants. Questions, if any, on directors' claims shall be referred back to the Executive Secretary for resolution. Questions pertaining to employees' claims shall be referred back to the employees or their supervisors, as warranted. Unresolved disputes as to claims submitted by employees shall be forwarded by the Finance and Business Services Division to the General Manager, who after conference with the employee may reduce or disallow any claim and the employee shall reimburse the District.

CALIFORNIA GOVERNMENT CODE

§53065.5. Each special district, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars (\$100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that district and shall be made available for public inspection.

Attachment 10-11C

Report: TERMOR100
Date: 07/29/1999
Time: 07:41:49

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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More or Equal than \$ 100.00 Report

From: 01/01/1998 To: 04/30/1998

Employee	Claim No	Proc. Date	Detail Date	Amount	Description	Reason
MILLER, PATRICK H.	0091370060	02/23/1998	11/24/1997	145.93	Lodging	Special Executive Committee Meeting @ MWD
MILLER, PATRICK H.	0091370061	02/25/1998	01/11/1998	314.14	Lodging	Jan'98 Committee & Board Meetings @ MWD
MILLER, PATRICK H.	0091370062	03/26/1998	02/08/1998	343.59	Lodging	February'98 Board & Committee Meeting @ MWD
MILLER, PATRICK H.	0091370062	03/26/1998	02/26/1998	102.05	Bus. Mileage	Agricultural Tour of Eastside Reservoir
FRAHM, CRISTINE M.	0091440047	04/21/1998	10/08/1997	121.00	Airfare	Special Executive Committee Meeting @ MWD
FRAHM, CRISTINE M.	0091440047	04/21/1998	10/13/1997	107.64	Lodging	Board & Committee Mtgs. @ MWD

Attachment C to Board Letter 10-11
Legal Department
July 27, 1999