

Los Angeles  Department of Water & Power

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August 5, 2015

Mr. Farid Saffar:
Director of Auditing
Office of the Controller
200 North Main Street, Room 460
Mail Stop 183


Dear Mr. Saffar:

Subject: Status of Recommendations – “Audit of DWP’s Bank Accounts
Not Controlled by the Office of Finance”

In response to your memorandum, dated May 5, 2015, to Mr. Philip Leiber requesting an action plan for the recommendations on the above-noted audit, enclosed is the updated List of Audit Findings and Recommendations.

If you have any questions, please contact me at (213) 367-1347 or have your staff contact Ms. Ann M. Santilli of my staff at (213) 367-4319.

Sincerely,


Jeffery L. Peltola
Chief Financial Officer

JP/AMS:en

Enclosure

c/enc: Ms. Emilyzen Cervantes, Office of the Controller
Ms. Ann M. Santilli

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

Report Title: Audit of DWP's Bank Accounts Not Controlled by the Office of Finance

Report Issuance Date: 10/20/2014

Department Responsible for Implementation: Water & Power

Reported Status Date: None

Reco No	Recommendation	Per Last Controller Evaluation (None)	Department Reported Information			
			Current Status	If I/P, % Complete	Basis for Status	Target Date for Implementation
1	DWP management should: Close or reduce the authorized amount for bank accounts specifically noted in this audit.	Not Implemented	PI	50%	Four bank accounts have been closed during fiscal year 2014-2015. These are the electric vehicle rebate fund, the Telecom revolving fund, Safety and Training revolving fund, and the Meter and Services revolving fund.	12/31/2015
2	DWP management should: Periodically review each bank account to determine whether any can be closed or consolidated with another account. This review should include an assessment as to whether expanded use of purchasing cards could result in elimination, reduction, or consolidation of accounts.	Not Implemented	PI	50%	The General Accounting Section that oversees the revolving fund bank accounts will create a review process to ensure the reasons revolving funds are established are appropriate and work with our Supply Chain Division to determine if a purchasing card can be used in lieu of the revolving fund.	12/31/2015
3	DWP management should: Periodically assess the appropriateness of the authorized amount for each bank account.	Not Implemented	PI	10%	The General Accounting Section that oversees the revolving fund bank accounts will create a review process to ensure the reasons revolving funds are established are appropriate and work with our Supply Chain Division to determine if a purchasing card can be used in lieu of the revolving fund. This review will also assess the amount of the fund.	12/31/2015
4	DWP management should ensure that bank accounts are replenished within a reasonable time period for checks issued.	Not Implemented	PI	10%	LADWP has a process to determine when trust funds are replenished. This process will be extended to ensure replenishment requests are timely.	12/31/2015
5	DWP's Accounting and Financial Reporting Bureau should provide adequate guidance for the EV Chargers Rebate Trust Fund, regarding proper bank reconciliations and maintaining basic internal accounting records to properly account for the funds.	Not Implemented	I		At the request of the Electric Vehicle Rebate program management, the separate bank account was closed and the process was moved to the Energy Efficiency Section that is currently trained on bank reconciliations and internal accounting records.	
6	DWP management should assign its Internal Audit Unit or the Accounting and Financial Reporting Bureau to review the EV Chargers Rebate Trust Fund to determine if any overage or shortage exists in the account.	Not Implemented	I		An accountant from the Accounting and Financial Reporting Section reviewed the bank reconciliation for overages and shortages and determined there were none. Further the bank account was closed and the rebate process was moved to the Energy Efficiency Section. This closure is reflected in the July 2014 general ledger details.	
7	DWP financial management should ensure that bank reconciliations are performed within 30 days of the bank statement date and that all reconciliations are signed/dated by both the preparer and reviewer.	Not Implemented	PI	10%	LADWP has a process to collect and review bank reconciliations. This process will be reviewed and expanded to verify signatures are collected and are submitted timely.	12/31/2015
8	DWP management should ensure that checks outstanding for more than one year are canceled in a timely manner, with the associated monies being returned to the correct fund.	Not Implemented	PI	10%	LADWP has a process to collect information on long-term outstanding checks. This process will be expanded to verify checks that have not cleared in over a year are cancelled.	12/31/2015