



NEWS FROM

CITY CONTROLLER LAURA N. CHICK

City Hall East, Room 300, 200 N. Main St., Los Angeles, CA 90012

FOR IMMEDIATE RELEASE
Tuesday, November 20, 2007

Contact: Rob Wilcox
(213) 978-7209

CHICK FINDS PROBLEMS WITH CITY OVERSIGHT OF EMPLOYEE BENEFIT PAYMENTS

Taxpayers May Be Out As Much as \$1.6 Million

Los Angeles— City Controller Laura Chick has found that lax oversight of employee insurance by the City has resulted in overpayments of premiums and lost interest totaling as much as \$1.6 million.

In the past I've found a lack of oversight and monitoring of outside contractors by City departments. Unfortunately, once again I am releasing an audit which shows that the City has not done its due diligence and, in this instance, has cost the taxpayers hundreds of thousands of dollars," said Chick.

"My audit of the Personnel Department's administration of insurance payments for civilian employees found overpayment to providers costing the City as much as \$1.2 million annually" Chick wrote in a letter to the Mayor, City Council and City Attorney.

Chick also found in another case the City underpaid for disability insurance creating a risk that employees who have signed up for this benefit may not be covered.

"One of the goals of our City is to pay its vendors on time and to avail itself of any prompt payment discounts. However, my audit has found that the insurance providers are being paid too quickly. As a result the City is potentially missing out on hundreds of thousands of dollars in interest," wrote Chick.

"The 28,000 employees covered by the City's insurance plans must be guaranteed that they are protected with the coverage promised. Further, the people of Los Angeles deserve to know that their precious dollars are not being wasted," concluded Chick.

###