

## INTERDEPARTMENTAL CORRESPONDENCE

February 28, 2024  
14.2

**TO:** The Honorable Board of Police Commissioners

**FROM:** Chief of Police

**SUBJECT:** CONFIDENTIAL FINANCIAL DISCLOSURE AUDIT (AD NO. 23-010)

### RECOMMENDED ACTION

It is recommended that the Board of Police Commissioners REVIEW and APPROVE the attached Confidential Financial Disclosure Audit.

### DISCUSSION

Audit Division conducted the Confidential Financial Disclosure Audit to evaluate compliance with Department policies and procedures.

If additional information regarding this audit is required, please contact Police Administrator Sharon Sargent, Commanding Officer, Audit Division, at (213) 486-8480.

Respectfully,

A handwritten signature in blue ink, appearing to be 'M. Moore', written over the typed name.

MICHEL R. MOORE  
Chief of Police

Attachment

**CONFIDENTIAL FINANCIAL DISCLOSURE AUDIT**  
**Conducted by**  
**Audit Division**  
**2023**

**OVERVIEW**

In accordance with the Los Angeles Police Department’s (Department) 2023 Annual Audit Plan, Audit Division (AD) conducted the Confidential Financial Disclosure (CFD) Audit to evaluate whether the Department’s policies and procedures were followed.

The Federal Consent Decree mandated that Department employees who routinely handle valuable contraband or cash disclose their finances periodically.<sup>1</sup> All sworn employees at the rank of Lieutenant and below shall submit a completed CFD Face Sheet, Form 01.74.00, and CFD Report, Form 01.74.01, if working a gang or narcotics assignment.

This is the second CFD Audit conducted by AD. The prior audit was conducted in 2022.

**Table No. 1 – Summary of Findings by Objective**

Objective No.	Description of Objective	2022		2023	
		Number Meeting Standard/ Evaluated	Percent Meeting Standard	Number Meeting Standard/ Evaluated	Percent Meeting Standard
1	Submission and Timeliness of Confidential Financial Disclosure Documents	135/165 <sup>2</sup>	82%	82/94	87%
2	Completeness and Approval of Confidential Financial Disclosure Documents	320/324 <sup>2</sup>	99%	88/94	94%
3	Completeness of the Receipt for the Renewal of Confidential Financial Disclosure Documents	62/62	100%	94/94	100%
4	Safekeeping and Destruction of Forms	0/71	0%	31/31	100%

**BACKGROUND**

The CFD Report is used to document an employee’s assets, liabilities, income, and income sources. Audit Division is responsible for the intake, review, and inspection of the CFD packet. Audit Division has an assigned Financial Disclosure Coordinator (FDC) who meets and discusses the completed CFD documents with the employee and then reviews the documents for errors and/or omissions. Upon completion, each employee is provided with a CFD Receipt, Form 01.74.02, which is valid for two years. The CFD packet is reviewed and approved by the Commanding Officer (CO), AD, the Director of the Office of Constitutional Policing and Policy, and the Chief of Police.

<sup>1</sup> United States Department of Justice v. City of Los Angeles, Los Angeles Police Department Consent Decree, Chapter VIII(b) June 15, 2001.

<sup>2</sup> These are overall figures as the prior audit was separated into two sub-objectives.

## **SCOPE AND METHODOLOGY**

The scope of the audit focused on policies and procedures related to CFD process. For Objective Nos. 1 through 3, auditors obtained a total population of 502 sworn employees at the rank of Lieutenant and below from Deployment Planning System (DPS) who were assigned to the Gang Impact Team (GIT), Gang Enforcement Detail (GED), Narcotic Enforcement Detail (NED), Community Law Enforcement and Recovery (CLEAR), and Gang and Narcotics Division (GND), for the audit period of May 7, 2023, through June 3, 2023.<sup>3</sup> Auditors selected a stratified random sample of 64 Office of Operations sworn employees and 30 GND sworn employees, totaling 94 sworn employees.

For Objective No. 4, auditors obtained the population of all CFD packets completed during the audit period of March 14, 2021, through April 10, 2021, to determine if the packets were destroyed two years after the employee separated from the specialized assignment. Auditors tested a total population of 31.

## **DETAILED FINDINGS**

### **Objective No. 1 – Submission and Timeliness of Confidential Financial Disclosure Documents**

#### **Criteria**

Department Manual Section 3/381, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*, dated Quarter 1, 2023, states:

*“Sworn employees at the rank of lieutenant or below shall submit a completed Confidential Financial Disclosure Face Sheet, Form 01.74.00, and a Confidential Financial Disclosure Report, Form 01.74.01, to the Financial Disclosure Coordinator (FDC), Audit Division, within ten calendar days of being selected and prior to assignment to or for the retention of an existing position within any assignment or loan to:*

- *Gang Impact Team (GIT);*
- *Gang Enforcement Detail (GED);*
- *Narcotic Enforcement Detail (NED) positions;*
- *Community Law Enforcement and Recovery (CLEAR) Unit; or,*
- *Gang and Narcotics Division (GND). Any sworn personnel whose primary duty involves contact with or investigation of gang and/or narcotics.”*

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<sup>3</sup> Auditors utilized a one-tail test with a 95 percent confidence level and an error rate of five percent for sample selection.

## **Audit Procedures**

Auditors reviewed 94 CFD packets for newly assigned and renewed employees to determine if each selected employee submitted a completed CFD Face Sheet and CFD Report to the FDC, prior to their assignment. If the employee submitted both forms prior to their assignment, the Department met the standard for this objective.

## **Findings**

Auditors determined that 82 (87 percent) of the 94 CFD packets met the standard. The remaining 12 that did not meet the standard are listed in the Addendum, Table No. 2.

## **Objective No. 2 – Completeness and Approval of Confidential Financial Disclosure Documents**

### **Criteria**

Department Manual Section 3/381, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*, dated Quarter 1, 2023 states:

**“Financial Disclosure Coordinator Responsibilities.** *The Financial Disclosure Coordinator shall:*

- *Review each Confidential Financial Disclosure Face Sheet and the Confidential Financial Disclosure Report to ensure completeness;*
- *Review all supporting documentation submitted in accordance with Financial Disclosure Review/Audit Protocols;*
- *Initial the corresponding box to verify that the documentation was provided and reviewed; ...*

*The Commanding Officer, Audit Division, shall then review and approve the completed work.”*

## **Audit Procedures**

Auditors reviewed 94 CFD packets for completeness. If the CFD Face Sheet and Report were completed and the face sheet was signed and dated by the reviewer and CO, AD, the Department met the standard for this objective.

## **Findings**

Auditors determined that 88 (94 percent) of the 94 CFD packets met the standard. The remaining six CFD packets that did not meet the standard did not use the codes listed on the CFD Report, Form 01.74.01, to properly identify the ownership status and are listed in the Addendum, Table No. 3.

**Objective No. 3 – Completeness of the Receipt for the Renewal of the Confidential Financial Disclosure Documents**

**Criteria**

Department Manual Section 3/381, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*, dated Quarter 1, 2023, states:

**“Financial Disclosure Coordinator Responsibilities.** The Financial Disclosure Coordinator shall:...

- *Provide the employee with a copy of the receipt for the Original Confidential Financial Disclosure Packet, Form 01.74.02.”*

**Audit Procedures**

Auditors reviewed 94 CFD packets to determine if the receipt for the original Confidential Financial Disclosure packet, Form 01.74.02, was complete and provided to each employee. If a receipt was in the CFD packet and signed by the filer and FDC, the Department met the standard.

**Findings**

Each of the 94 (100 percent) CFD packets met the standard.

**Objective No. 4 – Safekeeping and Destruction of Forms**

**Criteria**

Department Manual Section 3/381, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*, dated Quarter 1, 2021 states:

**“DESTRUCTION OF FORMS.** *The Office of the Chief of Police is responsible for the destruction of forms. Upon the employee separating from the specialized assignment, the employee’s forms will be destroyed two years from the date of separation. The employee is responsible for notifying the FDC upon separation of assignment.”*

**Audit Procedures**

Auditors spoke with the employee responsible for the CFD packets and verified that there are controls in place based on the recommendation from the prior audit. The recommendation requires development of a tracking system to determine which CFD packets need to be destroyed two years from the date of separation. Additionally, auditors verified that only designated employees had access to the storage room where the packets are kept in a filing cabinet monitored by video cameras and armed with a security system.

Auditors verified that the CFD packets were destroyed after two years upon the employee separating from the specialized assignment. If the CFD packets were destroyed as required, then the Department met the standard.

**Findings**

Each of the 31 (100 percent) CFD packets met the standard.

**ACTIONS TAKEN/MANAGEMENT RESPONSE**

The findings were validated by Office of Operations, GND, and Audit Division, who were in general agreement with the audit findings.

## Addendum

**Table No. 2 – Number of days the Confidential Financial Disclosure Packet was late**

Area	1-30 Days	31-60 Days	Over 60 Days	Total Packets
77 <sup>th</sup> STREET	2	0	0	2
CENTRAL	0	1	0	1
NORTHEAST	1	0	0	1
SOUTHEAST	3	0	0	3
SOUTHWEST	0	1	1	2
GND (K-9 SQUAD)	3	0	0	3
<b>TOTAL:</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>12</b>

**Table No. 3 – Incomplete Confidential Financial Disclosure Documents**

Area	Missing a Code or Improper Code Used
FOOTHILL	1
NEWTON	1
GANG AND NARCOTICS DIVISION	3
CENTRAL	1
<b>TOTAL DOCUMENTS:</b>	<b>6</b>

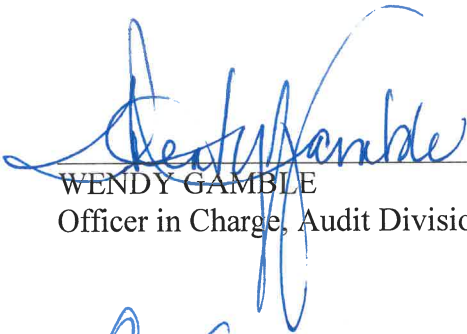
**APPENDIX II**

**Audit Division Contact:** Police Performance Auditor III Hezkeal Ayele, Serial No. N6038,  
(213) 486-8428 or HEZKEAL AYELEN6038@lapd.online



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HEZKEAL AYELE  
Project Manager, Audit Division



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WENDY GAMBLE  
Officer in Charge, Audit Division



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SHARON SARGENT, Police Administrator  
Commanding Officer  
Audit Division



## INTRADEPARTMENTAL CORRESPONDENCE

November 8, 2023  
11.2

**TO:** Commanding Officer, Audit Division

**FROM:** Assistant to the Director, Office of Operations

**SUBJECT:** 2023 CONFIDENTIAL FINANCIAL DISCLOSURE AUDIT – RESPONSE

The Audit Division (AD) conducted a Confidential Financial Disclosure (CFD) Audit to evaluate adherence to policy as delineated in Department Manual Section 3/381, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*, dated 1<sup>st</sup> Quarter, 2023. The audit period covers May 7, 2023, through June 3, 2023.

The Audit Division conducted one prior Confidential Financial Disclosure Audit in 2022. The objectives from the previous audit were combined to compare the four objectives for the current audit.

**Table No. 1 - Summary of Findings by Objectives**

Objective No.	Description of Objectives	2022		2023	
		Number Meeting Standard	Percentage Meeting Standard	Number Meeting Standard	Percentage Meeting Standard
1	Submission and Timeliness of Confidential Financial Disclosure Documents	135/165 <sup>1</sup>	82%	82/94	87%
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After review of the audit draft report, the Office of Operations Inspection Unit (OOIU) determined that only Objective No. 1 pertains to the Office of Operations. The Office of Operations is responsible for 9 of the 12 findings for Objective No. 1. These findings are related to an employee's submission of a completed CFD Face Sheet, Form 01.74.00, and CFD Report, Form 01.74.01 to the Financial Disclosure Coordinator (FDC). The Audit Division has an assigned FDC, who handles the intake and review of the submitted CFD forms.

The employee is responsible for completing the forms and submitting it to the FDC prior to being assigned to the respective specialized unit. Once submitted, the FDC and the Commanding Officer of the Audit Division will review the forms and ensure completion. A

<sup>1</sup> These are overall figures as the prior audit was separated into two sub-objectives.

Receipt for the Original Confidential Financial Disclosure Packet, Form 01.74.02 will then be issued by the FDC to the employee.

The OOIU determined that two of the nine findings were from late submissions of the employees' two-year renewal CFD packets while the remaining seven findings were from the employees' late submissions of new CFD packets.

The respective employees were contacted to verify if any extenuating circumstances could explain the late submissions. It was discovered that since the CFD renewal process relies on the direct communication between the FDC and the employee, a failure to communicate on either end could result in a late submission. The FDC reminds employees to submit a CFD packet before the two-year expiration of their current packet. If the FDC were not to send a reminder, or the employee does not receive the reminder, this could cause a late submission.

For employees submitting a CFD packet for the first time, the Commanding Officer or the Officer in Charge of the unit is responsible for providing the employee with the CFD forms to submit to the FDC. If this does not occur, then it is up to the employee to know and fulfill the requirements prior to being assigned to the unit.

Since the CFD process is streamlined to the communication between the FDC and the employee, this allows for the confidentiality of the forms to be maintained, however, it also makes it subject to administrative errors.

### **Office of Operations Response and Action Plans**

The Office of Operations is in general agreement with the findings and will address the deficiencies as follows:

- As initiated from the 2022 CFD Audit recommendations, the OOIU will continue to collaborate with the FDC to update the Department Manual 3/381 to improve the submission, review and approval process. The CFD forms will also be updated to reflect the changes.
- Each of the Commanding Officers of the respective units will be contacted to relay the findings and to remind the personnel under their command adhere to Department Manual 3/381.

If you should have any questions regarding this correspondence, please contact Police Performance Auditor IV Yadira Huerta, Inspections Unit, Office of Operations, at (213) 486-6960.



BRYAN D. LIUM, Commander  
Assistant to the Director, Office of Operations

## INTRADEPARTMENTAL CORRESPONDENCE

November 29, 2023

8.4

**TO:** Commanding Officer, Audit Division

**FROM:** Commanding Officer, Gang and Narcotics Division

**SUBJECT:** 2023 CONFIDENTIAL FINANCIAL DISCLOSURE AUDIT

Below are the responses from Gang and Narcotics Division (GND) regarding Audit Division's (AD) findings on Objective No. 1. The findings were regarding compliance with Department policy on submittal of Financial Disclosure documents. Audit Objective No. 1 found that GND was not in compliance with Department policy on three occasions. After conducting research, GND is in general agreement with Audit Division's findings. Below are the responses from GND regarding the findings and recommendations to ensure future compliance is met throughout the Department.

### **Finding No. 1**

Audit Division found that one employee was 14 days late in submitting paperwork for renewal. Audit Division contacted the employee on September 29, 2022 advising that the target date for compliance was October 7, 2022. The employee submitted the paperwork on October 21, 2022.

**Response:** This employee was submitting renewal for compliance paperwork. The employee was notified eight days prior to the target compliance date. The employee submitted the paperwork 14 days past the required compliance date.

Due to the confidential nature of the financial disclosure and Department policy, GND is unaware of each employee's target compliance date. Current practice is that the employee is contacted directly by the Department Financial Disclosure Coordinator regarding renewal and given a date of compliance requirement. If the employee is on vacation, off sick or otherwise off work, this may delay the employee submitting in a timely manner. There is no policy that exists which dictates a standardized timeframe for notification to the affected employee.

It is recommended by the Commanding Officer (CO) of GND that the Department amend the policy written in Manual Section 3/381 to include a notification to the concerned employee's CO. It is suggested that this be accomplished by utilizing the Training Evaluation and Management System (TEAMS) II database, where an Action Item is generated notifying the concerned employee's commanding officer 60 days prior to the target compliance date. This will help ensure that compliance dates are met, and that the CO is made aware in ample time for compliance.

Commanding Officer, Audit Division

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**Finding Nos. 2-3**

Audit Division found that two employees were late in submission of original Financial Disclosure paperwork prior to beginning their assignment at GND.

**Response:** In both of the instances, these employees were selected after an interview process was completed. Generally, the GND Personnel Deployment Coordinator ensures all necessary items are submitted prior to any employee's transfer into the division. On each of these two instances, the Personnel Deployment Coordinator was on vacation during the time period when the selections for the K9 handlers were made. This caused a disruption in the normal steps that are followed for a newly assigned employee to the division. The background process for hiring a K9 handler is more extensive than a standard employee transfer due to the need for extra steps required during the background process. The background that was conducted on the employees did not include all items on the standard checklist causing the financial disclosure requirement to be missed. The GND CO has made changes since this finding. The selection package for new employees coming into GND will be reviewed for completeness by the Officer in Charge of Major Enforcement Section A in the absence of the Personnel Deployment Coordinator.

It is also recommended that the Department amend Manual Section 3/381 to include a notification to the concerned employee's CO on the first day an employee appears in the Deployment Planning System in an assignment where Financial Disclosure is required. It is suggested that this be accomplished by utilizing the TEAMS II database, where an Action Item is generated notifying the concerned employee's CO immediately to ensure action is taken to comply with policy.

If there are any further questions regarding this matter, please contact Detective III Reina Staats, Staff Services Section, Gang and Narcotics Division at (213) 486-0814.

APPROVED:



AHMAD ZAREKANI, Captain  
Commanding Officer  
Gang and Narcotics Division



KRIS E. PITCHER, Deputy Chief  
Chief of Detectives

## INTERDEPARTMENTAL CORRESPONDENCE

February 7, 2024  
14.2

**TO:** Director, Office of Constitutional Policing and Policy

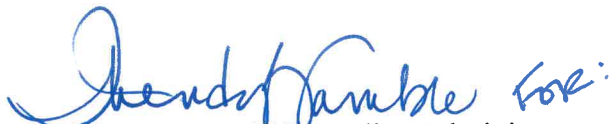
**FROM:** Commanding Officer, Audit Division

**SUBJECT:** 2023 CONFIDENTIAL FINANCIAL DISCLOSURE AUDIT RESPONSE

Audit Division conducted a Confidential Financial Disclosure (CFD) Audit to evaluate whether sworn personnel assigned to gang and narcotics units adhered to the policy and procedures delineated in Department Manual Section 3/38, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*.

Audit Division is in general agreement with the findings and will work with the CFD Coordinator to develop a process for notification to the concerned employee's commanding officer prior to the targeted compliance date for packet renewals.

Should you have any questions regarding this matter, please contact me at (213) 486-8480.



SHARON SARGENT, Police Administrator  
Commanding Officer  
Audit Division