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CITY OF CULVER CITY FINANCE ADVISORY COMMITTEE

REGULAR MEETING OF THE
CITY OF CULVER CITY
FINANCE ADVISORY COMMITTEE
CULVER CITY, CALIFORNIA

July 10, 2019
7:00 p.m.

CALL TO ORDER & ROLL CALL

Chair Leonard called the regular meeting of the City of Culver City Finance Advisory Committee to order at 7:00 p.m. in the Dan Patacchia Meeting Room at City Hall.

Members Present: **JANE LEONARD**, Chair
 DARREL MENTHE, Vice Chair
 CRYSTAL ALEXANDER, Member
 NANCY BARBA, Member*
 SEAN KEARNEY, Member
 BRYAN SUA, Member

*Member Barba arrived after the start of the meeting.

Absent: **CHRISTOPHER HARRIS**, Member
 ALEJANDRO LARA, Member

Staff Present: **John Nachbar**, City Manager
 Carol Schwab, City Attorney
 Onyx Jones, Chief Financial Officer
 Kambiz Borhani, Assistant Chief Financial Officer
 Michelle Villongco, Associate Analyst

Council Present: **Alex Fisch**, Council Member

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Pledge of Allegiance

Crystal Alexander led the Pledge of Allegiance.

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Public Comment for Items NOT On the Agenda

Chair Leonard invited public comment.

The following member of the audience addressed the Committee:

Les Greenberg noted that the Committee had been tasked to make recommendations to eliminate waste; he suggested implementing a formal employee suggestion system; discussed solicitation of ideas and systematic tracking; a recent public records request he made that indicated no suggestions had been received; the 8 elements of a suggestion system; and he asked that discussion of implementing a formal system be placed on a future agenda.

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Consent Calendar

Chair Leonard received clarification that the June Finance Advisory Committee meeting minutes would be available for approval at the next meeting.

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Order of the Agenda

No changes were made.

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Action Items

Item A-1

(1) Discussion of Internal Audit Reports of Enterprise Internal Controls Review and Cash Handling Internal Controls Improvement and (2) Authorize Reports for Transmittal to City Council

Onyx Jones, Chief Financial Officer, introduced the item.

Hayley King, Moss Adams, provided background on herself; discussed Internal Audit Program Components; Program Review; she summarized findings in the Internal Controls report; discussed protecting City assets; key controls in place; effectiveness; transaction cycles; control objectives; the Policy and Procedure Project; recommendations; findings; implementation of new processes; documentation of policies; modification of systems; employee training;

segregation of duties; standardization of process; monitoring and tracking findings; centralization; update of the Conflict of Interest Code and Economic Disclosure Requirements; establishing a clear policy environment including a hierarchy for policy documents; implementation of a Whistleblower Hotline; providing regular training and good controls throughout the City; identification of fraud waste and abuse; Payroll and Human Resources; securing information; independent review of the completed payroll register for accuracy; handling for voided checks; exploration of options for electronic time card entry; shifting control of wage rate entry to Human Resources; segregation of duties; mitigating controls; system reports; implementing quarterly reminders to all departments with part time employees; Purchasing and Accounts Payable; communication on voluntary terminations; keycard review and control; establishing a vendor review process; invoice review; warehousing; implementation of a process to tag fixed assets; annual physical inventory count; finalized inventory control policies and procedures; development of a City-wide policy for revenue collection; review and streamlining of billing practices; procedures to monitor unusual fluctuations; analyzing receivables quarterly; City-wide schedules for fee updates; consistency; requirements for supporting documentation; read-only access for invoicing; exploration of opportunities for departmental invoicing using the Accounts Receivable model; individual department use; segregation of duties between billing and cash receipts; analyzing current collection practices; effectiveness; monthly review; monitoring technologies used by departments; data backup; implementation of an intrusion detection system; testing the Disaster Recovery Plan and training; uniform review of parking citations; safeguarding medical records; background checks for landlords in the affordable housing programs; billing and revenue collection for recurring renters at parks; and upgrading evidence lockers in the Police Department.

Onyx Jones, Chief Financial Officer, discussed items being addressed including work to develop policies and procedures; discussions with Human Resources; check handling; purchasing procedures; key cards; the RFP process; disclosure forms; educating employees; conflicts of interest; inventory management; policy revisions; billing; segregation of duties within the Revenue Department; establishing a lockbox service; offsite critical systems backup; secure storage; the Whistleblower Hotline; installation of electronic timekeeping systems; contract storage; regular employee training; monitoring of hourly employees; fixed assets; segregation of duties; and cash handling.

Discussion ensued between staff and Committee Members regarding measuring the likelihood and impact of different issues; prioritization; additional staffing related to implementation; automation; policies and procedures; siloed information; the auditors; creating a 2-3 year audit plan; verification of changes; ongoing monitoring; the position created for internal controls; key controls; costs associated with making the changes; separate checks and balances; finding ways to be more effective with what is already in place; and the need to establish a Lost and Found policy.

Chair Leonard invited public comment.

The following member of the audience addressed the Committee:

Les Greenberg discussed the need to establish an effective internal control system since one is not already in place; City response; benchmarks; and he advised the Committee to “trust but verify”.

Hayley King, Moss Adams, discussed cash handling procedures; methodology; research on best practices used in other jurisdictions; the revenue division; fund inventories; mailed payments; deposits; separation of cash drawers; cash reconciliation sheets; shortages and overages; monitoring of voids and adjustments; trend monitoring; reconciliation; issuance of receipts; the vault combination; establishing a comprehensive list of safes and vaults; tracking access; and exploration of camera installation at strategic locations.

Onyx Jones, Chief Financial Officer, discussed the new position responsible for annual and random cash audits throughout the City; templates provided by Moss Adams; segregation of duties; endorsement stamps; the lockbox; end of shift reconciliation; shortages and overages; voided or deleted transactions; remote systems; department response; TAP card reconciliation; separate charge codes; deposits; interfacing with Munis; access to safes and vaults; cashier software for Transportation; and next steps.

Discussion ensued between meeting attendees, staff and Committee Members regarding the lockbox process; duties of the bank; coding; audit and review of bank actions; the cost analysis; clarification that internal controls are not designed to save money; business licenses; reduced cash handling; migration to electronic payments; building costs into the fees; the User Fee Study; daily cash in Transportation; public access to the presentation; the auditors; risk assessment; regular updates to the City Council; periodic updates of procedures; accessibility of the presentation; the 2016 audit; the Senior Management Analyst position overseeing audits; presentation of a workplan; whether to provide a full picture vs. a snapshot; and appreciation for the process and for the presentation.

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Item A-2

(1) Receive Reports from Current Subcommittees; 2) Discussion of Approved Work Plan; (3) Discussion of The Creation of Subcommittees; (4)

(If Desired) Creation of Subcommittees; and (5) (If Desired) Appointment of Members to Such Subcommittees. Receive Reports from Subcommittees

On Demand Transportation Services Subcommittee

No report available.

Business Tax Review Subcommittee

No report available.

Member Barba reported that the Division of Measurement Standards is changing the way electric fueling systems can be managed; she discussed City EV chargers; fee collection; ensuring that measurements are to a certain standard; and ensuring that there is a system in place for inspecting the meters.

Discussion ensued between staff and Committee Members regarding the approved work plan; periodic review of the Internal Audit Program; creation of subcommittees; filling the Business Seat; and expediting the process.

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Item A-3

(1) Discussion of 2nd Quarterly Committee Report of FAC Activities; (2) Authorization for Transmittal to City Council

Chair Leonard discussed the previous presentation to the City Council; noted that verbal presentations were not necessary going forward; quarterly submissions; modifications to include the date; moving the On Demand Services Transportation Fee Study to the Completed Column; and adding Internal Controls Review to the In Progress column.

Discussion ensued between staff and Committee Members regarding changes and corrections; clarification that Measure CW is a parcel tax not a sales tax; enterprise fund expenditures/expenses; whether one budget or multiple budgets are included; and adding a note to indicate that the Business Seat is currently vacant.

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Item A-4

Selection of Annual Officers (Chair and Vice Chair) to Serve a One-Year Term, Expiring June 30, 2020

THE FAC APPOINTED JANE LEONARD TO SERVE AS CHAIR OF THE FINANCE ADVISORY COMMITTEE FOR FISCAL YEAR 2019-2020 (**ABSENT MEMBERS HARRIS AND LARA**).

THE FAC APPOINTED DARRYL MENTHE TO SERVE AS VICE CHAIR OF THE FINANCE ADVISORY COMMITTEE FOR FISCAL YEAR 2019-2020 (**ABSENT MEMBERS HARRIS AND LARA**).

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Public Comment – Items NOT on the Agenda (Continued)

Chair Leonard invited public comment.

No cards were received and no speakers came forward.

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Receipt of Correspondence

None.

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Items from Committee Members/Staff

None.

Item S-1

Discussion of August Agenda

Discussion ensued between staff and Committee Members regarding the request by Les Greenberg to consider creation of a system for employee suggestions; starting the item as part of the Fraud, Waste and Abuse element; departmental input; recognition; the documentation process; providing a vehicle for employees who see opportunity to improve the system; creating a recognized City-wide process; the Rent Freeze; potential ongoing costs associated with policy decisions being made; researching the experiences of comparable cities; funding; the timeline; and waiting for concrete information before moving forward with a discussion about the Rent Freeze.

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Adjournment

There being no further business, at 9:18 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, August 14, 2019 at 7:00 p.m. in the Dan Patacchia Meeting Room.

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Michelle Villongco
SECRETARY of the Culver City Finance Advisory Committee
Culver City, California

APPROVED

Jane Leonard
CHAIR of the Finance Advisory Committee, Culver City, California

I declare under penalty of perjury under the laws of the State of California that, on the date below written, these minutes were filed in the Office of the City Clerk, Culver City, California and constitute the Official Minutes of said meeting.

Jeremy Green
CITY CLERK

Date