



City of Culver City

Staff Report Details (With Text)

File #: 21-790 **Version:** 1 **Name:**

Type: Minute Order **Status:** Consent Agenda

File created: 3/9/2021 **In control:** City Council Meeting Agenda

On agenda: 3/22/2021 **Final action:**

Title: CC - Receipt and Filing of the Final Internal Controls Audit Report of Enterprise Risk Assessment

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2021_03_22_ATT_Culver City - Enterprise Risk Assessment Report.pdf

Date	Ver.	Action By	Action	Result
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CC - Receipt and Filing of the Final Internal Controls Audit Report of Enterprise Risk Assessment

Meeting Date: March 22, 2021

Contact Person/Dept: Onyx Jones/Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes No **General Fund:** Yes No

Public Hearing: **Action Item:** **Attachments:**

Public Notification: (Email) Meetings and Agendas - City Council (03/18/2021); (E-Mail) Meetings and Agendas - Finance Advisory Committee (03/17/2021); (Email) Meetings and Agendas - Fiscal and Budget Issues (03/17/2021)

Departmental Approval: Onyx Jones, Chief Financial Officer (03/10/2021)

RECOMMENDATION

Staff recommends City Council receive and file the Final Internal Controls Audit Report of Enterprise Risk Assessment.

BACKGROUND

Internal audits assist the City in the efficient use of resources by providing analysis and recommendations for improved operations and stronger internal controls. The Finance Department recognizes that effective internal controls result in best management practices for financial operations. In turn, the City Manager requested that the Finance Department include in their work plan the hiring of an independent audit firm to perform internal audit services in accordance with applicable industry standards.

In 2016, Moss Adams, LLP (Moss) was selected through a competitive solicitation process to conduct reviews that included:

- Evaluating the adequacy of segregation of duties
- Supervisory reviews and approvals
- Reconciliations
- Physical safeguards over cash, checks and critical forms (such as handwritten receipts, permits and licenses)
- Existence and adequacy of written procedures
- Enterprise risk assessment of City operations including grants, payroll and accounts payable.

To achieve the above reviews, Moss established a work plan consisting of six internal audit control reports outlined as follows:

1. Fraud, Waste and Abuse Program
2. Grant Management Internal Controls Testing
3. Enterprise Internal Controls Review
4. Cash Handling Internal Controls Improvement
5. Enterprise Risk Assessment
6. Policy Development

At present, staff is bringing forward Enterprise Risk Assessment report that Moss Adams, LLP has completed.

DISCUSSION

At its meeting on April 8, 2019, the City Council approved the creation of a City Council Ad Hoc Subcommittee to review the Moss Internal Control Audit Reports and review staff recommendations for improvements to the City's Internal Controls. Staff has held several meetings with the Ad Hoc Subcommittee since this time along with consultants from Moss Adams, LLP. On June 12, 2019, the Fraud, Waste and Abuse and Grants Management draft reports were referred to the Finance Advisory Committee (FAC) by the Ad Hoc Subcommittee to propose recommended changes and approve transmittal to City Council. Enterprise Internal Controls Review and Cash Handling Internal Controls draft reports were additionally referred to the FAC on July 10, 2019 for the same purpose. All four reports were presented to City Council on September 09, 2019 for receipt and filing.

The Enterprise Risk Assessment draft report was referred to the FAC by the Ad Hoc Subcommittee to propose recommended changes on November 19, 2019. Representatives from Moss Adams

presented the Enterprise Risk Assessment report to the public during the November 20, 2019 FAC Meeting.

The Finance Department will continue to work on Policy Development through the end of FY 2020/2021.

Staff recommends that City Council receive and file of the Final Internal Controls Audit Report of Enterprise Risk Assessment.

FISCAL ANALYSIS

There is no fiscal impact to receive and file the attached audit reports.

ATTACHMENTS

1. 2022-03-22_ATT_Culver City - Enterprise Risk Assessment Report

MOTION

That the City Council:

Receive and File of the Internal Controls Audit Report of Enterprise Risk Assessment.