



# City of Culver City

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## Staff Report Details (With Text)

**File #:** 20-42      **Version:** 1      **Name:** Internal Audit Reports Review: (1) Enterprise Internal Controls & (2) Cash Handling Internal Controls

**Type:** Minute Order      **Status:** Action Item

**File created:** 7/3/2019      **In control:** FINANCE ADVISORY COMMITTEE

**On agenda:** 7/10/2019      **Final action:**

**Title:** (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

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Enterprise Internal Controls Review - DRAFT, 2. Cash Handling Internal Controls Improvement - DRAFT

Date	Ver.	Action By	Action	Result
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### (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

**Meeting Date:** July 10, 2019

**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:** (E-Mail) Meetings and Agendas - Finance Advisory Committee (07/03/19)

**Departmental Approval:** Onyx Jones, Chief Financial Officer (07/02/19)

## RECOMMENDATION

The Internal Controls Ad Hoc Subcommittee recommends the Finance Advisory Committee (FAC) (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

## **BACKGROUND/DISCUSSION**

Internal audits assist the City in the efficient use of resources by providing analysis and recommendations for improved operations and stronger internal controls. The City voluntarily hired Moss Adams, LLP back in 2016 as an independent audit firm to perform internal audit services in accordance with applicable industry standards. The Finance Department recognizes that effective internal controls result in best management practices for financial operations.

Moss Adams is in progress of performing a variety of reviews that include:

- 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.

There are six reports currently being developed by Moss Adams, LLP. The draft version of Fraud, Waste and Abuse Program and Grant Management Internal Controls Testing were presented to FAC on 06/12/19. The draft version of Enterprise Internal Controls Review and Cash Handling Internal Controls Improvement Reports are included in this report. The list of audit reports includes:

<b>Type of Audit Report</b>
Fraud, Waste and Abuse Program Summary
Grant Management Internal Controls Testing
Enterprise Internal Controls Review
Cash Handling Internal Controls Improvement
Enterprise Risk Assessment
Fleet Efficiency Study

## **Recommended Enhancements to be Accomplished**

1. Update and develop written policies and procedures for Cash Handling, Accounts Payable, Accounts Receivables, Purchasing and Payroll.
2. Conduct City-wide unannounced audits for Cash Handling process including cash drawers and petty cash box.
3. Updates or enhancements to IT systems for improving the City's internal control environment.
4. Improve work process to establish adequate segregation of duties.

The Internal Controls Ad Hoc Subcommittee has referred the draft Enterprise Internal Controls Review and Cash Handling Internal Controls Improvement Reports for review, propose recommended changes and approve for transmittal to City Council.

## **ATTACHMENTS**

1. Enterprise Internal Controls Review - Draft
2. Cash Handling Internal Controls Improvement - Draft

## **MOTION**

That the Finance Advisory Committee:

1. Discuss the Enterprise Internal Controls Review and Cash Handling Internal Controls Improvement reports; and
2. Authorize transmittal to City Council.