



City of Culver City

Mike Balkman
Council Chambers
9770 Culver Blvd.
Culver City, CA 90232
(310) 253-5851

Staff Report

File #: 21-789, **Version:** 1

Item #: A-1.

CC - Adoption of a Resolution Adopting an Updated City Council Policy No. 4210 Entitled *Fraud, Waste and Abuse of City Resources*, including the Related *Internal Audit Framework*, which shall Supersede Current City Council Policy 4210 *Fraud Prevention*.

Meeting Date: March 22, 2021

Contact Person/Dept: Onyx Jones/Chief Financial Officer
Heather Baker/Assistant City Attorney
Serena Wright-Black/Assistant City Manager

Phone Number: (310) 253-5640; 310-253-5660; 310-253-5640

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

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** Yes ☒ No ☐

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (03/18/2021)

Department Approval: Onyx Jones/Chief Financial Officer (03/11/2021)

RECOMMENDATION

Staff recommends the City Council adopt a resolution adopting an updated City Council Policy No. 4210 Entitled *Fraud, Waste and Abuse of City Resources* (FWA Policy), including the related *Internal Audit Framework* (Attachment 1), which shall supersede current City Council Policy 4210 *Fraud Prevention*.

BACKGROUND/DISCUSSION

On May 23, 2016 City Council created an Ad Hoc City Council Policies Subcommittee (Subcommittee) for the purpose of working with staff from the Administrative Services Department, including the City Clerk's Office, and the City Manager's and City Attorney's Offices to review all City Council policies and make recommendations to City Council as appropriate. Council Member Vera and Council Member McMorris are currently appointed to serve on the

Subcommittee.

As part of this project, current Council Policy 4210 *Fraud Prevention* (Attachment 2) was reviewed by the Subcommittee and staff. In preparation of the updated FWA Policy, staff reviewed similar policies from other cities and public organizations. The objective of the FWA Policy is to provide a means for City of Culver City employees, residents, vendors, and others to confidentially report any activity or conduct in which instances of fraud, waste, or abuse (FWA) are suspected, and establish a procedure to account for missing funds, restitution and/or recoveries. This Policy will also address the City's FWA Hotline that may be used to report FWA or suggestions to improve the efficiency and effectiveness of the City's operations.

A few of the significant changes to Policy 4210 include, but are not limited to:

- The use of a third-party provider for the City's FWA Hotline and the processing of FWA Hotline complaints
- Detailed investigative process by departments, the Internal Audit Division and/or an outside investigator
- An Internal Control Framework which formalizes the responsibilities, reporting lines, and protocols of the Internal Audit Division within the structure of the City.
- A section for the outreach process to educate and bring awareness of the FWA hotline to staff, vendors, contractors, and residents

The Subcommittee and staff recommend the City Council adopt the updated City Council Policy 4210 *Fraud, Waste and Abuse of the City Resources* and related *Internal Audit Framework*.

In addition, the Subcommittee and staff will continue with its comprehensive review of all City Council Policy Statements and will bring additional policies to City Council as soon as practicable.

FISCAL ANALYSIS

There is an estimated annual fiscal impact of \$3K associated with this policy related to the operations of the third-party hotline provider and materials for outreach. This amount will increase if there is a need to hire an external investigator for investigating any reports. The amount for this program will be included annually as part of the budget process.

ATTACHMENTS

1. 2021-03-22_ATT 1_Resolution Adopting Updated Policy 4210 *Fraud, Waste and Abuse of City Resources*, including *Related Internal Audit Framework*
2. 2021-03-22_ATT 2_Existing Policy 4210 *Fraud Prevention*

MOTION

That the City Council:

Adopt a resolution adopting an updated City Council Policy No. 4210 entitled *Fraud, Waste and Abuse of City Resources*, including the related *Internal Audit Framework*, which shall supersede current City Council Policy 4210 *Fraud Prevention*.