



The Beverly Hills City Council Liaison / Audit and Finance Committee will conduct a Special Meeting, at the following time and place, and will address the agenda listed below:

**CITY HALL**  
**Video Teleconference**  
**Call in: (916) 235-1420 or (888) 468-1995**  
**Participant Pin: 872120**  
**Beverly Hills, CA 90210**

**Tuesday, July 7, 2020**  
**5:00PM**

### **AGENDA**

- 1) Public Comment
  - a. Members of the public will be given the opportunity to directly address the Committee on any item listed on the agenda.
- 2) Office of the City Auditor Annual Audit Work Plan for FY 2020/21
- 3) Adjournment

A handwritten signature in black ink, appearing to read "G. Chavez".

**George Chavez**  
**City Manager**

**Posted: July 2, 2020**

***A DETAILED LIAISON AGENDA PACKET IS AVAILABLE FOR REVIEW AT  
WWW.BEVERLYHILLS.ORG.***



Pursuant to the Americans with Disabilities Act, the City of Beverly Hills will make reasonable efforts to accommodate persons with disabilities. If you require special assistance, please call (310) 285-1014 (voice) or (310) 285-6881 (TTY). Providing at least forty-eight (48) hours advance notice will help to ensure availability of services.



## STAFF REPORT

**Meeting Date:** July 7, 2020

**To:** Audit and Finance Committee Liaisons

**From:** Eduardo Luna, City Auditor

**Subject:** Annual Audit Work Plan for FY 2020/21

**Attachments:** 1. FY 2020/21 Audit Suggestions  
2. Excerpts of Resident Survey Results, Sacramento, CA

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### **INTRODUCTION**

This item is submitted for the Audit and Finance Committee Liaisons' consideration of the City Auditor's proposed audit work plan for FY 2020/21. The audit work plan identifies proposed audits for the upcoming fiscal year. It is anticipated that all audit work will be performed in-house. In addition, the work plan identifies the City Auditor's activity related to the implementation of the Trust & Innovation Portal.

### **DISCUSSION**

#### **Background**

On July 16, 2019, the City Council reviewed and concurred with the first Annual Audit Work Plan for the Office of the City Auditor. The work plan identified eight performance audits and activity related to the Trust and Innovation Portal (TIP). During the current fiscal year, my office made progress in completing the work plan. However, due to the COVID-19 pandemic, the subsequent State of Emergency declaration, and redeployment of a Principal Performance Auditor to the Emergency Operations Center, I suspended ongoing audit work in mid-March 2020. Specifically, the following audit projects were temporarily suspended because of COVID-19:

- Management of Real Estate Assets (Report issued June 26, 2020)
- Beverly Hills Conference and Visitors Bureau (Report Writing)
- City Take-Home Vehicles (Not Started)
- Rodeo Drive Committee (Not Started)

We need to make a decision on continuing or dropping audits of City Take-Home Vehicles and the Rodeo Drive Committee.

**Potential FY 2020/21 Audits**

Given that we are in a prolonged state of emergency, the City will likely have reduced revenues for the next 18 to 24 months, which will impact continued levels of service. In this environment, the City Auditor should be more forward looking, as opposed to auditing programs that operated in previous fiscal years. Many City programs may not operate in the same manner going forward, but rather exist virtually (e.g., online classes, payments and permitting) or possibly cease to exist. Given the uncertainty of the pandemic and its impact to City operations, it is more prudent to propose a six-month audit work plan for FY 2020/21. At mid-fiscal year, we can reassess the situation and propose an updated work plan for the remainder of the fiscal year.

**Current Audit Resources**

For FY 2020/21, the Office of the City Auditor is fully staffed with two Principal Performance Auditors. As shown below, the Office of the City Auditor has 4,400 available audit hours to conduct performance audits, monitor outside audit engagements, and oversee the Trust & Innovation Portal. I should note that given that my office is fully staffed and the current budget situation, I plan to perform all audit work **in-house** and not rely on any external auditors or consultants.

**FY 2020/21 Annual Audit Work Plan**

Given current audit resources and the shifting fiscal and COVID-19 situation, my recommendation is to undertake two to three performance audits for the first half of the fiscal year. **Attachment 1** has a list of suggested audits from City Councilmembers and City Management. Below is a list of ongoing activities.

1.	Trust & Innovation Portal: Fraud-related complaints	Investigate allegations of potential fraud, waste, and abuse in City operations	Financial, Personal Integrity	Fraud
2.	Trust & Innovation Portal: Research Suggestions	Research suggestions for improving City government. Non-audit service under Government Auditing Standards	Economy & Efficiency	Other Services
3.	Recommendation Follow Up	Verify reported implemented recommendations	Compliance	Other Services

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Eduardo Luna  
Approved By

# **Attachment 1**

New Ways of Doing Business	Department	Audit Type
1) Review of the tools needed for effective teleworking and assess the controls for appropriate oversight of telework operations. a) Number of employees teleworking b) Impact of teleworking on City facility space needs c) Long term benefits of teleworking	All	Economy and Efficiency
2) Survey of residents to assess impacts of COVID-19 pandemic on residents (see <b>Attachment 2</b> , Excerpts of Resident Survey Results, Sacramento, CA)	All	Economy
3) Survey employees, businesses and residents for innovative ideas/improvements to city services. a) Examine new and innovative ways of doing business to prepare for future (streamline processes, social distancing, etc.) b) Adopt new ways of doing business and maintaining flexibility (e.g. virtual city hall)	All	Economy and Efficiency
4) Use of non-sworn personnel (e.g., ambassadors or social workers) to deal with homeless.	CS	Economy and Efficiency

Fiscal Impact	Department	Audit Type
5) Review proposed FY 2020/21 budget and key assumptions i) Examine use of consultants	All	Fiscal
6) Undertake zero-based budget reviews of department budgets to identify opportunities for cost cutting.	All	Fiscal
7) Review of existing City services that can be automated, such cell phone reimbursement process, time and cost versus flat fee payments.	All	Fiscal
8) Audit of replacement and maintenance schedule for various programs. a. Technology/equipment, and licensing costs. b. Vehicles, c. Other equipment	All	Fiscal
9) Audit of the Police Department staffing and scheduling. a. Review growth of department budget over the last four fiscal years.	Police	Fiscal
10) Do all of our financial transactions have appropriate safeguards? Signature authority, two person oversight etc.	Finance	Economy and Efficiency
11) Accounts Receivable: Are we current on all money owed us? Both from individuals and governmental agencies.	Finance	Fiscal
12) Sole source procurement: To what extent do departments rely on sole source procurement? Do we pay an appropriate price?	Finance	Fiscal
13) Citywide overtime: Examination of management rights vs MOU rules. Citywide review of accrual use (related to overtime use for public safety)	All	Fiscal
14) Review of Procurement Card Program	All	Fiscal
15) Audit related party agreements, while some have operating agreements, the overall arrangements may not be fully documented (e.g. expectations re: purchasing rules, use of City facilities, etc.)	Other	Compliance

<b>COVID-19 Response and Protests</b>	<b>Department</b>	<b>Audit Type</b>
16) Compliance auditing of FEMA reimbursement/cost recovery.	Finance	Fiscal
17) Audit of police use of force policies	Police	Compliance
18) Anti-bias police training	Police	Compliance
19) Were procurement processes followed when sourcing PPE and other equipment/materials for the COVID-19 response? For example, did the City purchase items from approved vendors? Did the City pay competitive prices for items purchased?	All	Compliance
<b>Other City Processes</b>	<b>Department</b>	<b>Audit Type</b>
20) Has the Metro process be done according to the rules we set? How many violations? How many repeat? How often are they shut down? Did we get all the money we should?	Public Works	Compliance
21) Restaurant streamlining planning process. How is it going? What percentage are within 70 days?	CS	Economy and Efficiency
22) Provide as needed assistance and research for City Council items.	All	

# **Attachment 2**



# Impacts of the COVID-19 Pandemic on Sacramento Residents

*Key Findings from a Citywide Survey  
Conducted June 2-4, 2020*



OPINION  
RESEARCH  
& STRATEGY

# Survey Methodology

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- 433 interviews with Sacramento residents at addresses selected at random from the Postal Service Delivery Sequence File
- Interviews conducted June 2-4, 2020 in English and Spanish
- Interviews conducted via telephone (landline and wireless) and online
- Margin of sampling error of +/-4.7% at the 95% confidence level; margins of error for subgroups within the sample will be larger
- Some percentages may not sum to 100% due to rounding



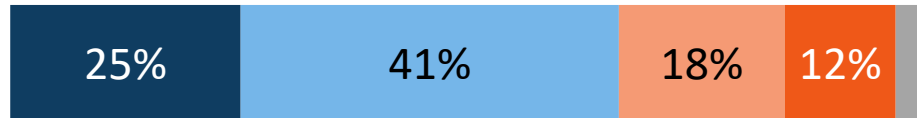
# Residents mostly satisfied with the City's performance serving residents in this time.

*Please tell me if you are satisfied or dissatisfied with Sacramento City government's performance in each of the following areas.*

■ Very Sat. ■ Smwt. Sat. ■ Smwt. Dissat. ■ Very Dissat. ■ Don't Know

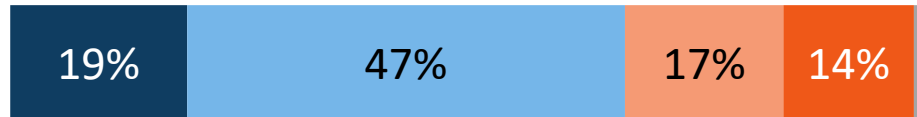
**Total Sat.** **Total Dissat.**

Informing residents about issues facing the community



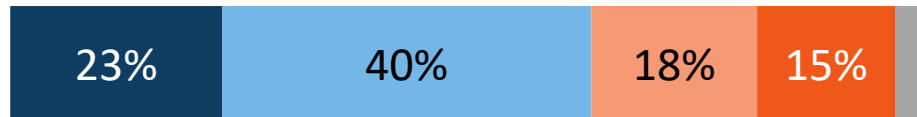
**66%** **30%**

Overall confidence in the City of Sacramento government



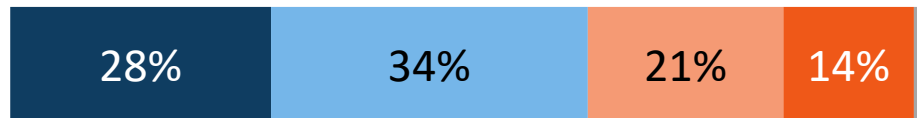
**66%** **31%**

Being open and transparent to the public



**63%** **33%**

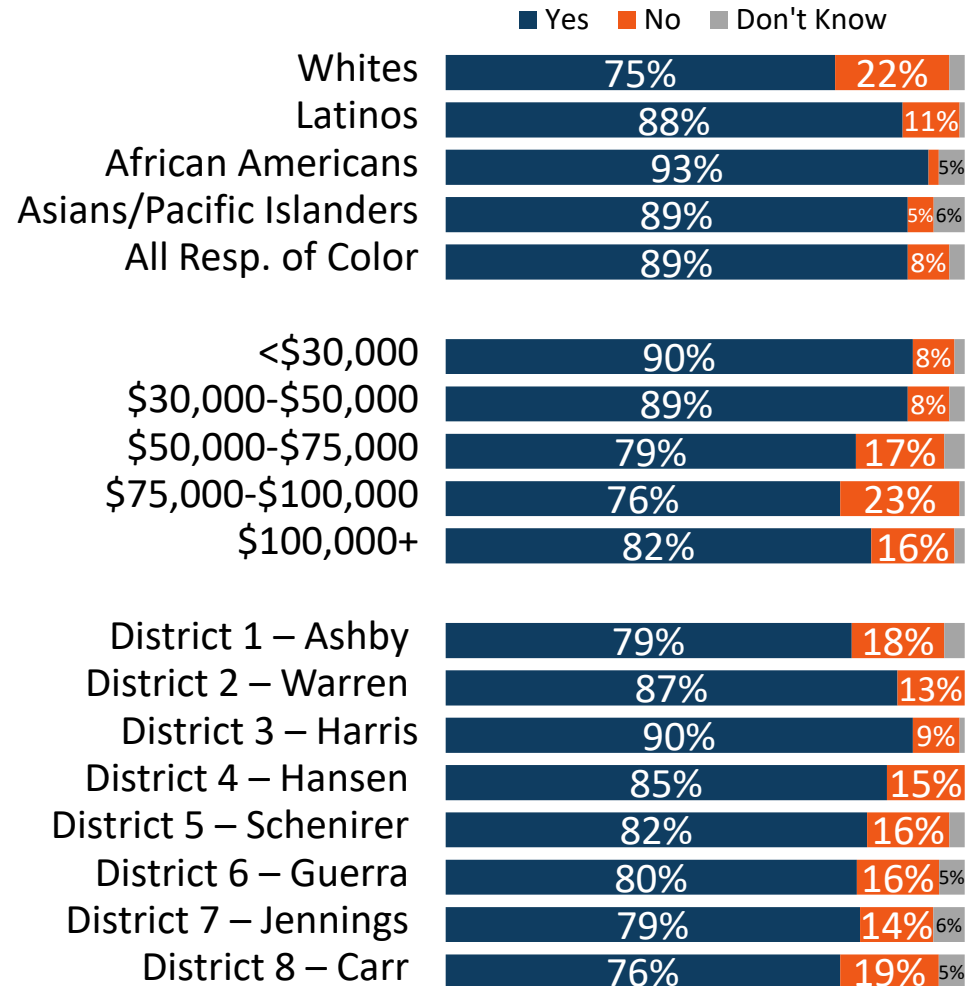
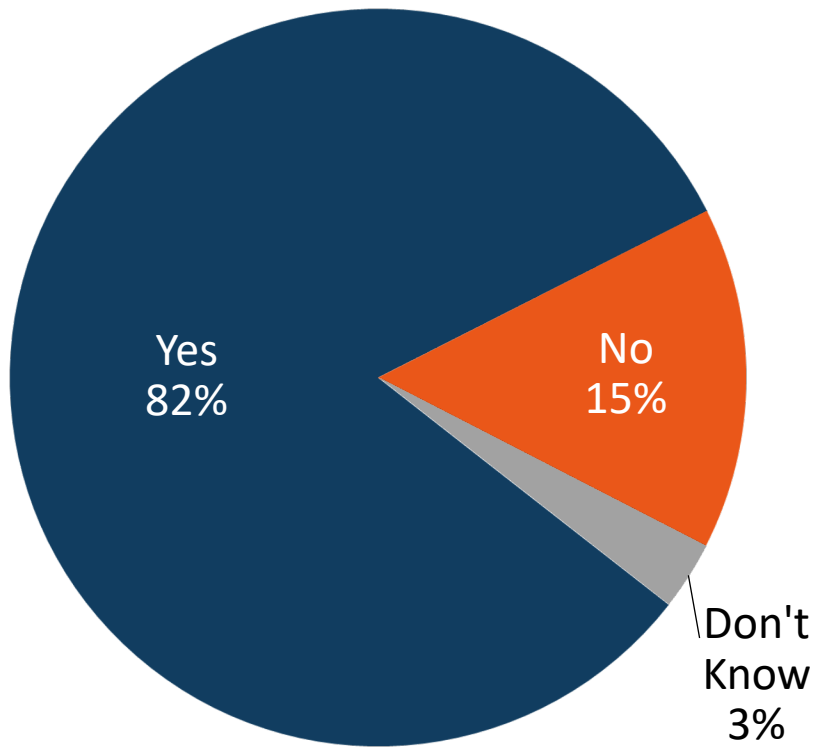
Generally acting in the best interest of the community



**62%** **36%**

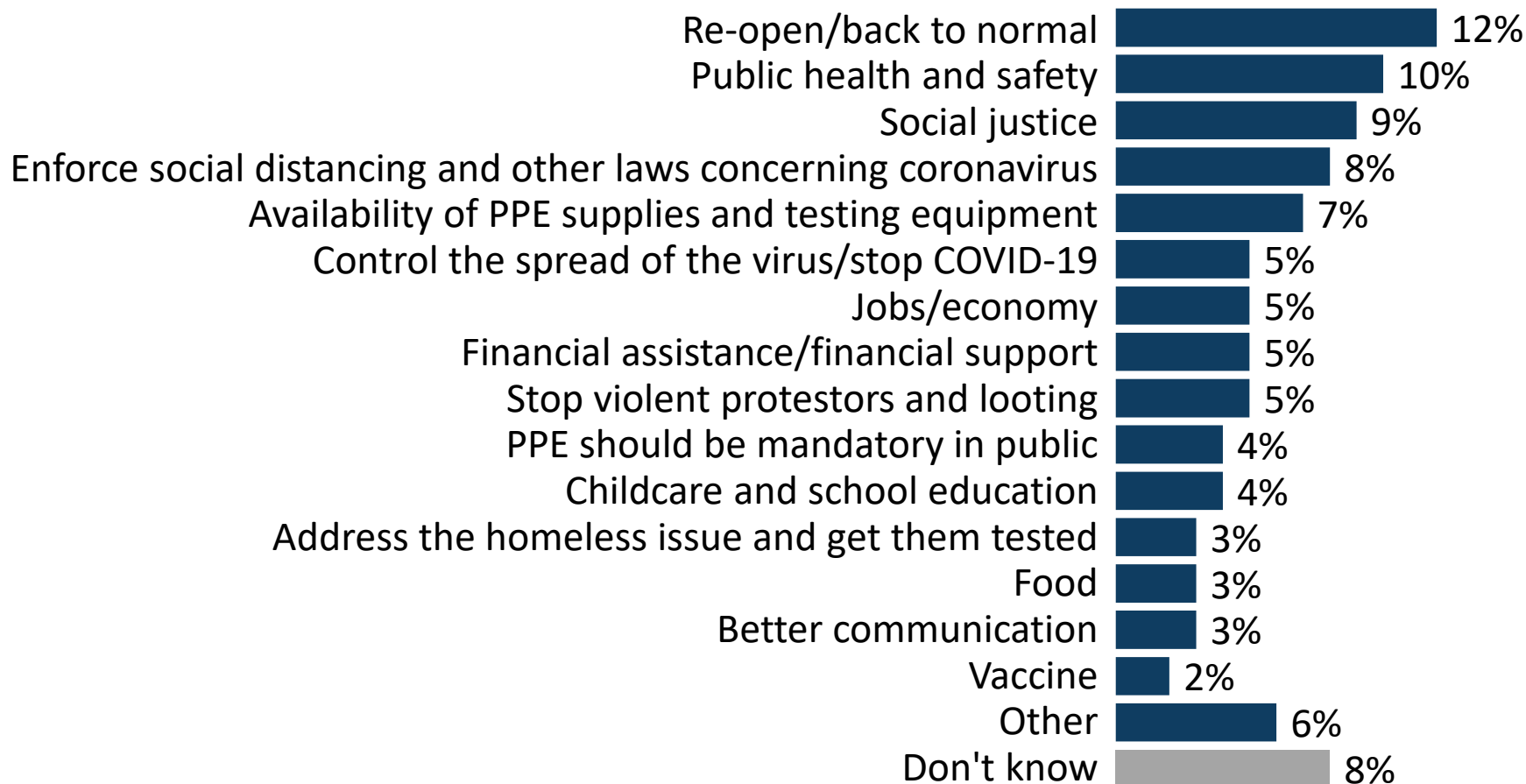
# Four in five are comfortable with mask requirements.

*In general, are you comfortable with government requiring masks in public places?*



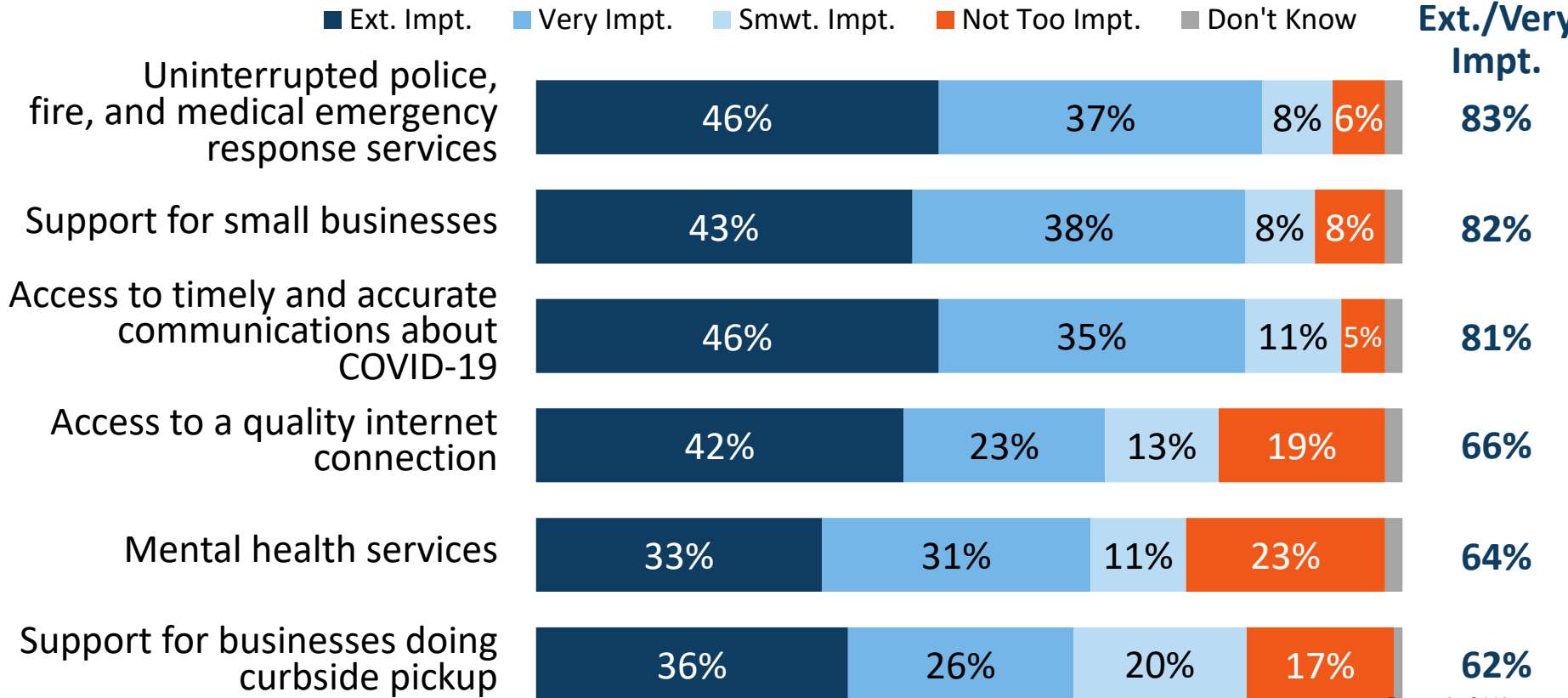
# Respondents' top priorities right now relate to reopening, public health, and social justice.

*What do you see as your community's highest priority need at this time?  
(Open-ended)*



# Residents' top priorities for City support are uninterrupted emergency services, support for small businesses, and access to accurate information about COVID-19.

Here are some types of assistance the City of Sacramento may offer to help your household cope with the impacts of the COVID-19 public health emergency. Please tell me if it is extremely important, very important, somewhat important or not too important to you.



# Conclusions

- ✓ Sacramentans' primary concern with the pandemic relates to when it will end.
  - This is the only aspect of the crisis that a majority cite as an “extremely” or “very serious” problem.
  - Many express high levels of concern about getting sick, and about the mental and emotional impacts of the pandemic.
- ✓ Half have seen a reduction in income and nearly one-third have either lost their jobs or had their hours reduced.
  - These impacts have been most pronounced among residents of lower-income households, Latino residents, and younger residents.
- ✓ Respondents strongly approve of how the City has handled its response and communicated with residents.
- ✓ They view uninterrupted emergency services, support for small businesses, and accurate and timely information as the most important assistance the City can provide.