



**CITY OF BEVERLY HILLS**  
455 North Rexford Drive  
Beverly Hills, CA 90210  
4<sup>th</sup> Floor Conference Room B

**The Beverly Hills City Council Liaison / Audit Committee**

**SPECIAL MEETING HIGHLIGHTS**

Wednesday February 19, 2020  
3:30PM

**MEETING CALLED TO ORDER**

Date / Time: February 19, 2020 / 3:36PM

**IN ATTENDANCE:** Vice Mayor Lester Friedman, Councilmember Robert Wunderlich, City Auditor Eduardo Luna, City Treasurer Howard Fisher, City Attorney Larry Wiener, Principal Performance Auditor Shawneé Pickney, Principal Performance Auditor Abbey Tenn, Consultant Traci Park, and Executive Assistant Evelin Garcia.

Public in attendance: Mark Elliot.

**1) PUBLIC COMMENT**

Members of the public were given the opportunity to directly address the Committee on any item listed on the agenda.

Mark Elliot wanted to clarify why Innovative Ideas SIG 2019-15 was processed under Community Development and not under Finance. It was explained that it is handled by Rent Stabilization which is within the Community Development Department. He also wanted to know if his concerns on this subject matter could be brought to and addressed by the City Auditor, to which the answer was, "Definitely and without a doubt".

**2) TIP QUARTERLY REPORT – SECOND QUARTER FY 2019/20**

Since the launch of the Trust & Innovation Portal (TIP) on September 17, 2019 and through December 31, 2019 (second quarter of Fiscal Year 2019/20), the Office of the City Auditor received a total of 25 TIP submissions.

- 8 TIP submissions concerning improper activity
- 17 TIP submissions concerning innovative ideas

Importantly, the Office of the City Auditor has closed all cases regarding improper activity, and 13 of the 17 innovative idea submissions. Reporting parties are being contacted if there is information provided to do so.

The First 105 Days of TIP Activity

- 8 tips concerning improper activity
  - No reported improper activity was substantiated.
  - One tip resulted in improved customer service regarding permit issuance.



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- 17 submissions regarding innovative ideas
  - Seven suggestions were referred to Departments for corrective action concerning traffic safety and quality of life issues (sanitation).
  
  - Four innovative ideas merit further review that can result in:
    - Improving performance of a City program;
    - Reducing costs; and
    - Improving transparency and accountability.

Per the Liaisons:

- Forward the four open suggestions to the respective departments to allow for review and follow up within 30-60 days, if further inquiry is warranted after follow up, it may require further investigation/audit.
- Complaints from all departments should be reviewed at least at a high level by OCA.
- Contractual compliance might be an area to focus on for a future audit.
- Follow up details were requested on SIG 2019-09. This case will be reopened and further reviewed.

### **3) INVESTIGATION PROTOCOLS**

The TIP Fraud Manual (September 2019), Section II Processing Hotline Complaints B (4) stated:

*If a complaint is made against the Mayor or a City Council Member, the City Auditor will confer with either the Mayor or Vice Mayor and the City Attorney.*

At the September 17, 2019 City Council Study Session, the Council discussed the sufficiency and completeness of the above procedure and raised concerns about a potential conflict of interest for any such investigation to be handled internally, since the City Auditor, City Manager and City Attorney are all City Council appointees. In the event a complaint is made against a City Councilmember, a best practice is to engage an outside law firm to conduct an independent investigation.

In November 2019, Burke, Williams, & Sorensen, LLP (BWS) was selected in consultation with the City Attorney and Human Resources Department Director. BWS developed the draft investigative protocols to ensure compliance with all applicable laws. The City Attorney and



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Human Resources Department Director also reviewed and provided feedback. Once these protocols are accepted, they will be incorporated into the TIP Fraud Procedures Manual.

Per the Liaisons:

- It may be a good idea to include the City Treasurer.
- Good for the public to know that no one is above the law.
- Dual law firm approach for evidence finding and investigation, even for claims with very little merit.

The City Auditor agreed to revise the protocols based on this input and docket the revised protocols at a City Council Study Session.

#### **4) PERFORMANCE AUDIT SELECTION**

The Annual Audit Work Plan for FY 2019/20 recommended five performance audits and identified four specific audit projects. The City Council that the Audit and Finance Committee Liaisons would select the fifth audit after the office had made progress with completing the work plan. After considering the risk rankings, City management input, and the results of the recent Police Department Patrol Vehicle Usage Review, my recommendation is to undertake an audit of the Beverly Hills Police Department take-home use of City vehicles. We are able to commence the newly selected audit in March 2020, have field work substantially completed by the end of the fiscal year, and a report released by mid-summer. We will provide an updated timeline once the audit is underway. Audit objectives will be determined by a risk assessment. Audit questions could consist of:

- Appropriateness of the policy?
- Assignments to employees that have never been asked to return?
- Tax implications?

Per Liaisons:

- Agree with management to proceed with take-home vehicle audit
- High value contracts is another audit that should also be looked at for the future

#### **5) ADJOURNMENT**

Date / Time: February 19, 2020 / 4:46PM