

Citywide Audits

Presented by
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Council's Request for Information

- What audits have been done
- What was their scope
- Were there findings
 - In some cases, yes
- How long did the audits take
 - Some audits can be completed in days, others take weeks, and in some cases months
 - Audits are continuous and occur throughout the year



What audits have been done and what was their scope?

- **Financial Audit**
 - Purpose: to make sure financial statements comply with Generally Accepted Accounting Principles
- **Compliance Audit**
 - Purpose: to make sure the entity that received financial assistance complies with laws, regulations and agreements
- **Operational Audit**
 - Purpose: evaluate the efficiency, effectiveness, and economy of an entity's operations
- **Information System Audit**
 - Purpose: to ensure systems are secure and for proper functioning of the information system throughout the life of a business
- **Environmental Audit**
 - Purpose: to ensure compliance with the environmental laws and regulations

Department	Audit Type	Internal/External Firm	Name of Agency/Firm	Frequency	Scope or Goal	Cost
Police Department	POST Training	Internal	Training Sergeant		To confirm the personnel are in compliance with the	
Police Department	CLETS	External	Department of Justice			
Police Department	Officer Involved Shootings	External	Department of Justice			
Police Department	Background and training records	External	Department of Justice			

City of Corona
Listing of Citywide Audits
 Prepared on January 2, 2019

Department	Audit Type	Internal/External Firm	Name of Agency/Firm	Frequency	Scope or Goal	Cost
Administrative Services	Trip Reduction Fund Audit	External Firm	Lance, Soll, Lunghard, LLP (FY 2009-10 through present); Teaman Ramirez & Smith, Inc (FY 2008-09)	Annually	Audit of allocations made to the City by AB 2766 Subvention Program known as the Clean Air Act. The audit is submitted to the South Coast Air Quality Management District (SCAQMD).	\$ 988
Administrative Services	Compliance Audit for the Housing Successor	External Firm	Lance, Soll, Lunghard, LLP (FY 2009-10 through present); Teaman Ramirez & Smith, Inc (FY 2008-09)	Annually	Compliance audit is required by California Health and Safety Code sections applicable to California Housing Successor Agencies.	\$ 5,376
Administrative Services	Benefit Plan and Sustainability Analysis	External Firm	KPMG	Per contract agreement, one time	Review of employee benefit plans, develop projections of employee benefit cost over ten years, perform "what-if" analysis of employee benefit cost projections, discuss range of options to mitigate budget shortfalls, and review budget projections for employee benefit costs under alternative scenarios.	\$ 75,000
Administrative Services	Financial Competency/Best Practice Review	External Review	CSMFO (California Society of Municipal Finance Officers)	Annually	Review of budget documents by other government agencies (in California) to comply with CSMFO best practices for budget presentation. The City has received the Excellence in Budgeting Award each year since FY 2004-05.	\$150 per fiscal year
Administrative Services	Financial Competency/Best Practice Review	External Review	GFOA (Government Finance Officers Association)	Annually	Review of budget documents by other government agencies (nationally) to comply with GFOA best practices for budget presentation. The City has received the Distinguished Budget Presentation Award for the last two years, starting FY 2016-17.	\$635 per fiscal year, based on size of budget
Administrative Services	Financial Compliance	External Review	Department of Justice (DOJ)	Annually	Certification of compliance. Review federal asset forfeiture seized and use of assets, as related to the DOJ's guidelines. Non-compliance would result in the City not being able to participate in federal asset forfeiture seizures cases.	No Cost



Department	Audit Type	Internal/External Firm	Name of Agency/Firm	Frequency	Scope or Goal	Cost
					Payment card industry data security standard audit and review of four physical processes and network security. The City complies with best practices.	\$ 3,608
					Provides business insurance rates for cities (evaluations: fire department, water supply, emergency communications)	\$ 1,464
					Hazardous Material Team certification and typing	No cost
					Certified Unified Program Agencies (CUPA) - Hazardous Material Inspections	No cost
					Educational "E" - Residential "R" - Industrial "I" - occupancy inspections	No cost
					(Electric Utility) CPUC requires Utility to: conduct detailed site visit, physical inspection and assessment.	\$15,000 (performed by Pacific Utilities Installation)
					Sanitary Survey Inspection of the drinking water system including wells, pumps, storage and plants for any changes, issues, and recommendations.	\$324,100
					Inspects DWP facilities for chemicals and correct California Environmental Reporting System (CERS) reporting.	
					Inspects and tests backflow devices for Corona DWP service connections where potable water, irrigation, and reclaimed water are delivered.	
					Inspects permit posting, logs, and specific requirements written on permits as it pertains to the drinking water and water reclamation systems.	
					Inspects hazardous waste facilities for compliance at DWP's facilities.	
					Inspection of Water Reclamation Facilities in accordance with the facility's permit as it pertains to compliance.	
					Inspect and sample Inland Empire Brine Line Discharge locations within Corona DWP's service area as it pertains to the drinking water and water reclamation systems.	
					Inspect portable engine/equipment units at DWP facilities including Water and Water Reclamation Treatment Facilities.	\$570 per unit (renewal and inspection fee)
					Safety Inspection (Airport) Inspect/address flight safety issues or concerns, identification and remediation.	

Comprehensive list of all audits can be found on the City's website @ <https://www.coronaca.gov/businesses/finance>



Summary of Audits

- List includes **133** different types of ‘audits’
- **111** (83%) conducted by an **external**, independent agency or firm
 - Estimated Cost = \$950,000
 - Not representative of annual amount as some audits were one-time
- **18** (14%) conducted **internally**, by City staff
- **4** (3%) were a **combination** of both an external agency and City staff
- Of these 133 audits, **97** (73%) are **required** or mandated
- **36** (27%) are **above and beyond**
 - In other words, Council or City Management requested for an audit or review that was not required or mandated



Overview of Departmental Audits

Administrative Services

External – 34
Internal – 4
Combination – 0

Community Development

External – 1
Internal – 0
Combination – 1

Dept. of Water & Power

External – 13
Internal – 2
Combination – 0

Fire

External – 8
Internal – 0
Combination – 2

Information Technology

External – 6
Internal – 2
Combination – 0

Legal & Risk Management

External – 5
Internal – 0
Combination – 0

Library & Rec. Services

External – 1
Internal – 0
Combination – 0

Maintenance Services

External – 18
Internal – 1
Combination – 0

Police

External – 17
Internal – 9
Combination – 1

Public Works

External – 8
Internal – 0
Combination – 0



Audits that were 'Above & Beyond'

- Citygate Associates – operational audits
- KPMG – benefits plan and sustainability analysis
- Lance, Soll & Lunghard, LLP – agreed upon procedures (AUP)



Citygate Associates – Operational Audits

- Citywide Management Audits – 1995 through 2001
 - Purpose: citywide overview of rotating management audits, provide action plan for each department
 - Findings: 250 recommendations made citywide
 - Estimated cost = \$418,000
- Fire Audit – 2000
 - Purpose: prevention plan
 - Cost = \$26,000
- Fire Audit – 2013
 - Purpose: standards of cover, strategic plan, and fire stations
 - Cost = \$125,000



KPMG – Benefits Plan and Sustainability Analysis

- Purpose:
 - Review of employee benefit plans
 - Developed projections of employee benefit cost over ten years
 - Performed "what-if" analysis of employee benefit cost projections
 - Discussed range of options to mitigate budget shortfalls
 - Reviewed budget projections for employee benefit costs under alternative scenarios
- Findings: KPMG offered alternatives to pension plans, medical benefits, and OPEB plan to reduce employee benefit costs
- Cost = \$75,000

More information can be found @ www.coronaca.gov/businesses/finance
under Documents/Presentations → • 12/14/2016 - [Study Session – Benefit Plan Analysis Presentation](#)



Lance, Soll & Lunghard, LLP – Agreed Upon Procedures

- Review and evaluate the following areas:
 - Cash Receipts
 - Inventory/Warehouse Processes
 - Bank Reconciliations
 - Purchasing, Procurement, and Cash Disbursements in the Department of Water and Power and Maintenance Services Department
 - Purchasing, Procurement, and Cash Disbursements cycles of the City
 - Wire Transfers
 - DUI Billings
 - COPS Hiring Grant
 - Animal Control's Cash Handling
 - Police's AB 109 PACT Fiscal Agent Responsibilities
 - Police Telestaff Timekeeping Procedures
 - Fire Inspection Billing
 - Fire Telestaff Timekeeping Procedures
 - Emergency Medical Services (EMS) Billings
 - Safekeeping & Monitoring of Police Evidence
 - Appropriations Limit
 - Investment Portfolio
 - Measure A Local Streets and Road Program



Lance, Soll & Lunghard, LLP – Agreed Upon Procedures

- Purpose: evaluate procedures of the City with respect to the targeted area's responsibilities, review its internal control structure applicable to the Committee of Sponsoring Organizations (COSO) internal control framework, and the application of best practices
- Findings with recommended action made in the following areas:
 - Bank Reconciliations
 - Vendor Contracts and Payments
 - Inventory Procedures
 - Fire Telestaff Timekeeping
 - Purchasing Procurement and Disbursement Procedures in DWP and Maintenance Services
 - Emergency Medical Services (EMS) Billings



Lance, Soll & Lunghard, LLP – Agreed Upon Procedures

- Findings...continued:
 - Fire Inspection Billing
 - Fire Telestaff Timekeeping Procedures
 - Police's AB 109 PACT Fiscal Agent Responsibilities
 - Animal Control's Cash Handling
 - DUI Billings
 - Police's Telestaff Timekeeping Procedures
 - Safekeeping & Monitoring of Police Evidence
- Cost = \$94,500
- Agenda report on March 15, 2017
- More information can be found @ www.coronaca.gov/businesses/finance
under Documents/Presentations →
 - 4/6/2016 – Auditor's Report on Applying Agreed Upon Procedures
 - 2016 [Financial and Audit Results – Presented by LSL Certified Public Accountants](#)
 - 2015 [Financial and Audit Results – Presented by LSL Certified Public Accounts](#)



Next Up...

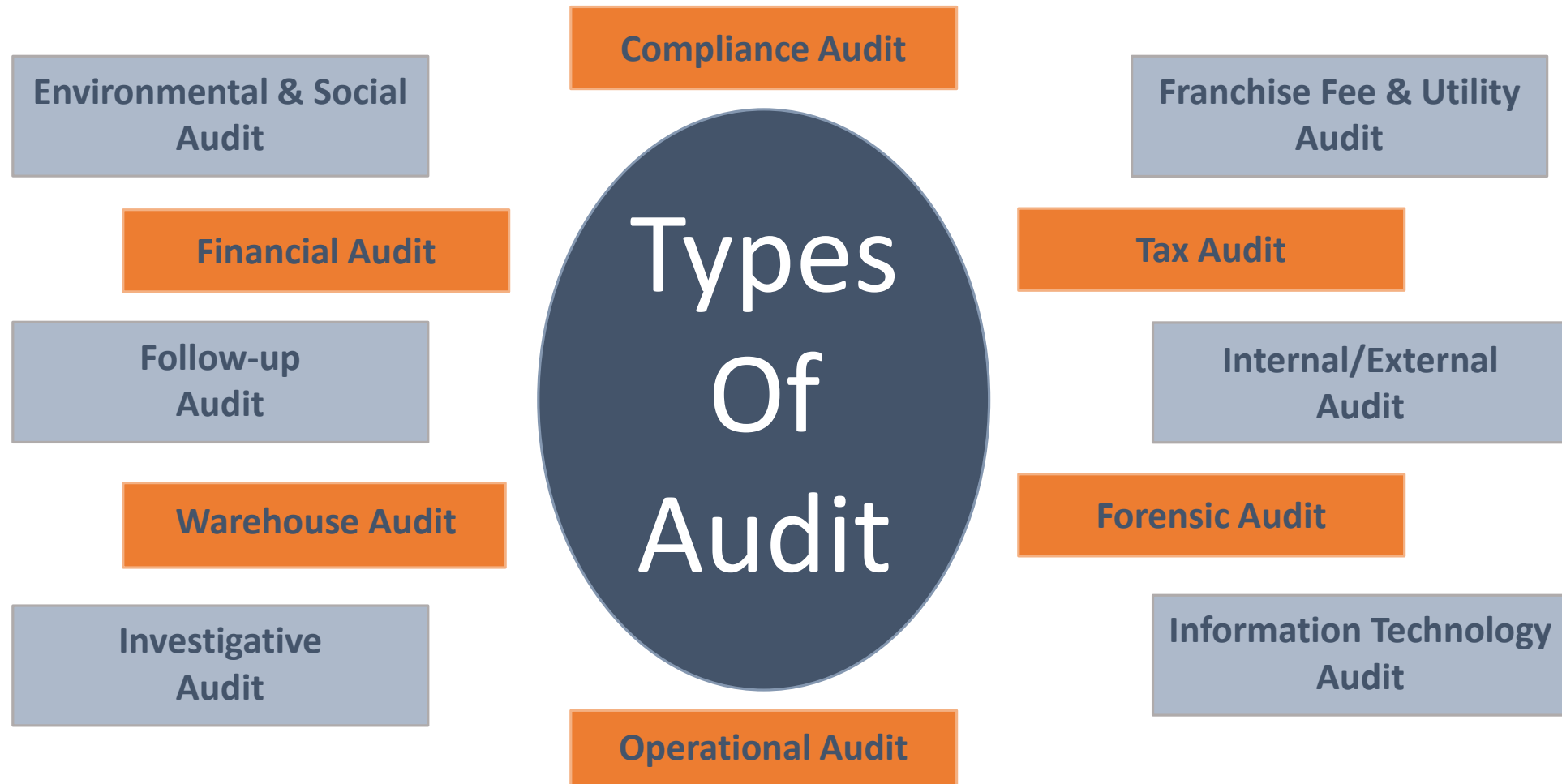
- Per Council’s direction, additional ‘above and beyond’ audits
- RFP’s have been issued for:
 - Fire Department Operational Performance Consulting Services
 - Police Department Operational Performance Consulting Services
- RFP’s will close on January 15, 2019
- Estimated cost for both audits will range from \$150,000 - \$200,000

More information can be found @ www.coronaca.gov/i-want-to/rfp-posts-list under Bid Opportunities →

BID NUMBER	TITLE	CLOSING	STATUS
RFP 19-002MS	City of Corona Fire Department Operational Performance Consulting Services	01/15/2019 10:00 AM	Open
RFP 19-003MS	City of Corona Police Department Operational Performance Consulting Services	01/15/2019 10:00 AM	Open



What Other Audits are Available?





Forensic Audits

- Used wherever an entity's finances present a legal concern
- The process of reviewing a person's or company's financial statements to determine if they are accurate and lawful
- Most commonly associated with the IRS and tax audits, but it may also be commissioned by private companies to establish a complete view of a single entity's finances
- Forensic audits are presented as evidence by a prosecutor or by a lawyer representing an interested party



Closing Remarks

- 13 years of Comprehensive Annual Financial Reports can be found online @ www.coronaca.gov/government/departments-divisions/finance/budget-annual-reports
- Audits occur throughout the City on a regular basis
- Most are mandated for compliance and regulatory purposes
- Others are conducted to ensure best practices
- Most audits are performed by an outside independent body
- Management is committed to continue having the various types of audits to ensure best practices, accuracy of financial statements, fraud prevention, and operational efficiency

Questions



www.CoronaCA.gov

