



OFFICE OF THE CITY AUDITOR
Long Beach, California

LAURA L. DOUD, CPA
City Auditor

February 11, 2015

John Gross, Director
Department of Financial Management

RE: UST Program Compliance Opinion Letter

Mr. Gross:

The Department of Financial Management (Department) requested the Office of the City Auditor (OCA) to conduct an audit of the Underground Storage Tank Compliance Program (UST Program). The UST Program was established and implemented as a result of the Consent Judgment and Permanent Injunction (Consent Judgment) filed on January 21, 2010 between the California State Water Resources Control Board (State Water Board) and the City of Long Beach (City). The intent of the UST Program is to provide structure and outline specific procedures to ensure the City's UST sites are operated in an environmentally responsible manner and in accordance with applicable State and Federal laws. The Department is responsible for compliance with the UST Program. The Consent Judgment is eligible to terminate on January 21, 2015.

The purpose of our audit was to assess the Department's compliance with the UST Program during the period of July 1, 2013 through June 30, 2014. As part of our procedures, we interviewed personnel affiliated with the program, reviewed key documents and assessed the overall internal controls surrounding the program. We did not evaluate the reasonableness of UST Program costs such as repair or contract costs. We also did not review the UST sites for compliance with applicable State and Federal laws. We strictly reviewed the Department's compliance with the UST Program. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the procedures performed and for the period under review, we conclude the Department is in compliance with the UST Program. Minor areas noted for improvement and related recommendations, not significant to the audit objective, were communicated to management in a separate letter also dated February 11, 2015.

Subsequent to our audit period, the State Water Board provided the City with a list of 29 alleged violations related to the UST Program. According to written correspondence between the City and State Water Board dated August 18, 2014, most of the alleged violations appear to be minor and the City immediately began to evaluate and address the alleged violations

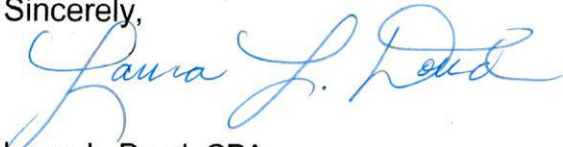
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upon notification by the State Water Board. This unusual activity caused a spike in the Site Repair Ticket/Corrective Action Report volume after our audit period, which is to be expected and shows the City's commitment to ensure any level of substandard condition is corrected. We reviewed the list of alleged violations while developing our audit plan to consider whether our procedures should be modified. However, most of the alleged violations appeared to be technical in nature (such as sensor angles/placement) and not compliance issues with the UST Program.

We would like to express our appreciation to Department management and staff for their time, information and cooperation provided to us during our review.

Sincerely,



Laura L. Doud, CPA
CITY AUDITOR

cc: Mayor Robert Garcia
City Council Members
Charles Parkin, City Attorney
Patrick H. West, City Manager
Dan Berlenbach, Fleet Services Bureau Manager



City of Long Beach
Working Together to Serve

Memorandum

Date: February 3, 2015

To: Patrick H. West, City Manager *PH West*

From: John Gross, Director of Financial Management *JG*

For: Laura Doud, City Auditor

Subject: **Response to Underground Storage Tank (UST) Compliance Program Audit**

Thank you for the opportunity to comment on the draft audit of the Underground Storage Tank Compliance Program (UST Program) for Fiscal Year 2014.

The Department of Financial Management and the Fleet Services Bureau have reviewed the audit management letters and thank the City Auditor for the thoroughness of the audit. The Financial Management Department and Fleet Services Bureau concur with the findings.

Management welcomes City Auditor's recommendations and appreciates the opportunity to review the draft audit. The Department will be addressing the recommendations through an increased focus on timely reporting.

JG,DB,dh
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CC: TOM MODICA, ASSISTANT CITY MANAGER
ARTURO SANCHEZ, DEPUTY CITY MANAGER