



OFFICE OF THE CITY AUDITOR
Long Beach, California

LAURA L. DOUD, CPA
City Auditor

**INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

October 15, 2013

To the City of Long Beach,
John Gross, Director of Financial Management and
Underground Storage Tank Executive Committee

The Department of Financial Management (Department) requested the Office of the City Auditor (OCA) perform an Agreed-Upon Procedures (AUP) engagement to determine procedure-specific compliance with the Underground Storage Tank (UST) Compliance Program as of June 30, 2013. A full compliance audit may be performed triennially with the most recent one completed for the prior year ending June 30, 2011. For years where a full compliance audit is not performed, both the Department and the OCA have agreed that an AUP engagement is sufficient to meet the audit requirements of the Program. This agreed-upon procedures engagement was conducted in accordance with U.S. Generally Accepted Government Auditing Standards.

The City Council authorized the City Manager to implement the UST Program with management responsible for program compliance. The Department and the OCA agreed prior to the start of the engagement that the procedures enumerated below reflect the critical components of the UST Program and compliance testwork was only performed on the procedures listed herein. The sufficiency of the procedures is solely the responsibility of management. Consequently, we make no representation regarding the sufficiency of the procedures described below. The areas of the UST Program that were not verified for compliance during this engagement would be reviewed for compliance during the triennial audit.

Our procedures and results are as follows:

Procedure 1. Compliance Issue Resolution

Fleet Services Bureau Administration – Judgmentally select five locations to review the Site Repair Ticket (SRT) and Corrective Action Report (CAR) binders maintained at Fleet Services Bureau Administration. From the binders we will randomly select SRTs and CARs to ensure: 1) SRTs were completed accurately and entered into the Project Tracker System timely; 2) the Fleet Supervisor or Project Manager prepared a corresponding CAR within 24-

hours of receipt of the SRT; 3) progress of correcting the condition was tracked on the Compliance Issue Tracking Report (CITR) and reviewed monthly at the UST Task Force Meeting; and 4) the Project Manager and Fleet Supervisor certified the site as Compliant within three business days by completing the UST Site Certification form (City of Long Beach UST Compliance Program, rev. 3.3 – Section V, Part 1).

Results: As a result of the procedures above, we noted that SRTs were accurately entered into the Project Tracker System timely; however, we noted the following areas of non-compliance:

- The Fleet Supervisor or Project Manager did not always prepare a corresponding CAR within 24-hours of receipt of the SRT for one out of seven CARs reviewed. The CAR date field on the hardcopy record, as well as within the Project Tracker System, was blank which prevented us from verifying that the CAR was prepared within the required timeframe.
- CARs were not always tracked on the CITR or reviewed at the monthly UST Task Force meetings for two out of seven CARs reviewed. According to management, the issues of non-compliance were documented and resolved prior to the next Task Force Meeting, and therefore, were not included on the CITR status report or the Task Force Meeting Agenda.
- Upon completion of the CAR by UST staff, the Project Manager or Fleet Supervisor has three business days to certify the site as "Compliant". We found for two of the seven CARs reviewed, the Site Certification Forms were not completed within three business days of the CAR being closed. According to management, CARs were dated as complete, but an observation period of approximately 8 to 9 business days was used to ensure the corrective action implemented addressed the non-compliance observed. During this time, the CAR was not sent to the Project Manager to complete the Site Certification, causing these sites to not be certified within the time frame required by the Program.

Management's Response:

- One of seven CARs reviewed could not be verified that it was prepared within 24 hours of receipt of the SRT because the date field was inadvertently left blank. This incident appears to be the result of human error. UST staff organization has been restructured in order to streamline the processes to assure consistent practice of procedures is adhered to. In addition, the UST staff has been counseled to ensure that this issue will not occur in the future. (Ref. Procedure 1, Area 2)
- Two of seven CARs reviewed were not tracked on the CITR or reviewed at the monthly UST Task Force meetings. The status of the CARs in question were tracked by UST staff, however were resolved before a UST Task Force meeting was held. The CARs were put on the CITR, closed and taken off the CITR prior to any meeting therefore were never reviewed by the UST Task

Force. UST staff prepares the agendas for UST Task Force meetings using records to cross reference that each CAR opened since the prior meeting is included on the CTR. This and other measures have been set in place to ensure that each CAR is reviewed by the UST Task Force. (Ref. Procedure 1, Area 3)

- Two of seven CARs reviewed were not completed and certified within three business days of being closed. Each CAR, after being closed, requires a Site Certification Form to be completed by the Project Manager or Fleet Supervisor within three business days, consequently certifying it as compliant. The two CARs referred to were closed and completed, however were not sent to the Project Manager and therefore not certified within the three-day window. This was because the CARs in question were problematic. The UST Supervisor felt it was advantageous to continue to monitor the site where the CAR occurred to be sure that the corrective action implemented addressed the root of the problem and that there would be no reoccurrences, after which the site was certified. UST staff complies with Program 3.3. One of the goals of the program is to increase overall effectiveness and efficiency of UST operations. As a result, monitoring the cause of a problem in order to find a long-term solution is significant, however because the CAR was not certified in a timely manner according to Program 3.3, a resolution has been suggested and implemented by UST staff. A new CAR referencing the prior or related CAR will be recorded so that no CAR's certification is outstanding after it has been close and completed. (Ref. Procedure 1, Area 4)

Procedure 2. Semi-Weekly Site Inspections

Fleet Services Bureau Administration – Judgmentally select five locations. For each location, we will randomly select two months and review the Semi-Weekly UST inspection log books and corresponding Semi-Weekly UST Site Inspection Checklists to ensure inspections were completed and documented appropriately on a semi-weekly basis (City of Long Beach UST Compliance Program, rev. 3.3, Section V, Part 2A and Appendix H).

Results: No exceptions noted as a result of our procedures.

Procedure 3. Monthly Site Inspections

Fleet Services Bureau Administration – Judgmentally select five locations. For each location, obtain and review Designated UST Operator Monthly Visual Inspection checklists to ensure inspections were completed and documented appropriately on a monthly basis (City of Long Beach UST Compliance Program, rev. 3.3, Section V, Part 2B and Appendix I).

Results: No exceptions noted as a result of our procedures.

Procedure 4. Offsite Documentation

Fleet Services Bureau Administration – Obtain and review UST Compliance Files to ensure original documents are appropriately maintained for the five judgmentally selected UST locations. (City of Long Beach UST Compliance Program, rev. 3.3, Section V, Part 7B and Appendix K).

Results: No exceptions noted as a result of our procedures.

Procedure 5. Onsite Documentation

UST Sites – Judgmentally select a sample of five locations and perform field visits to review UST Compliance Binders to ensure copies of key documents are appropriately maintained on site (City of Long Beach UST Compliance Program, Section V, Part 7A and Appendix J). Additional documents to review onsite: 1) Secondary Containment Test Results and 2) Facility Employee Training Log. These additional documents should be maintained onsite for monthly Designated Operator Site Inspections [Section V, Part 2B, (h) and (i)].

Results: No exceptions noted as a result of our procedures.

Procedure 6. Training

Fleet Services Bureau Administration – Obtain a list of all employees as of June 30, 2013, sorted by their respective training groups as defined in Section VI of the City of Long Beach UST Compliance Program. Review documentation to ensure employees attended the appropriate training annually (City of Long Beach UST Compliance Program, rev 3.3 – Section VI). In addition, we will follow up on outstanding issues, if any, from prior audits.

Results: No exceptions noted as a result of our procedures.

This was an Agreed-Upon Procedures engagement. We did not conduct an audit, the objective of which would be the expression of an opinion on the City of Long Beach's compliance with the entire UST Compliance Program. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the City of Long Beach, and is not intended to be and should not be used by anyone other than this specified party.

We thank the department staff for their cooperation during this engagement.



Laura L. Doud, CPA
City Auditor
Office of City Auditor

cc: Erik Sund, Assistant Director of Business Services and Fleet