



**OFFICE OF THE CITY AUDITOR**  
Long Beach, California

LAURA L. DOUD, CPA  
City Auditor

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Contact:  
Olivia Maiser (562) 570- 6434

**Audit Finds Lack of Proper Procedures with Emergency Board-Up Contract**  
*City Auditor Laura Doud Cites Past Budget Cuts for Lack of Staff Oversight*

Long Beach, CA – Long Beach City Auditor Laura Doud today released an audit of the City’s Emergency Board-Up Services Contract which is overseen by the Asset Management Bureau. Emergency board-up service is initiated by the City to secure unsafe or unhealthy conditions on private property, such as broken windows, damaged doors, or open roofs due to vandalism or fire – in cases where the property owner cannot be reached or chooses not to personally obtain service. This service by the City is authorized by the Municipal Code as a requirement to enforce health and safety regulations.

The audit, which was based on a complaint received by the City Auditor’s Fraud Hotline, found that the City’s handling of the procurement process and lack of involvement in the use of subcontractors has left the City open to potential fraud.

The audit noted that although the total costs for emergency board-up services averaged less than \$100,000 annually, there were enough questions raised during the initial analysis to warrant an audit of this contract.

The audit’s four key findings are as follows:

1. *Work was authorized without an executed contract* – although the original contract had expired as the City solicited bids through the RFP process, the City continued to award work over a six month period to the prior contractor who agreed to wait for payment.
2. *Subcontractors were not vetted by the City* – the vast majority of the work on the contract was subcontracted to a company in Santa Ana and the City did not properly ensure that rates were reasonable, proper insurance was in place, and that the subcontractor was able to adequately perform the service.
3. *Emergency Board-up rates increased only two months after the contract was executed* – the new contract included labor and material increases of 5% and 10%, but after only two months labor rates were increased another 5% and materials by as much as 65% with no justification or documentation as to why the increases were needed.
4. *City billing cycle averaged 218 days* – the billing cycle from date of service to invoicing the property owner averaged 218 days.

“The City has experienced many budget cuts over the past few years which have resulted in extensive reductions in City staff. While the various City departments must focus on the areas of greatest risk, we cannot ignore that proper procedures must be followed for every contract. Lack of attention to proper policies and procedures creates an opportunity for fraud,” said City Auditor Laura Doud. “Additionally, costs of emergency board-up services are billed directly to the property owners and it is essential that the City verify that they are receiving fair pricing.”

The complete audit of the City’s Emergency Board-Up Services Contract with a detailed explanation of the City Auditor’s recommendations can be viewed on the City Auditor’s website: [www.CityAuditorLauraDoud.com](http://www.CityAuditorLauraDoud.com).

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