



LAURA DOUD

INDEPENDENCE YOU CAN RELY ON

CITY AUDITOR'S REPORT ON RESULTS

→ DEPARTMENTS
IMPLEMENTED

71%

OF OUR

RECOMMENDATIONS

RESULTING IN

\$80 MILLION

OF CITY REVENUE

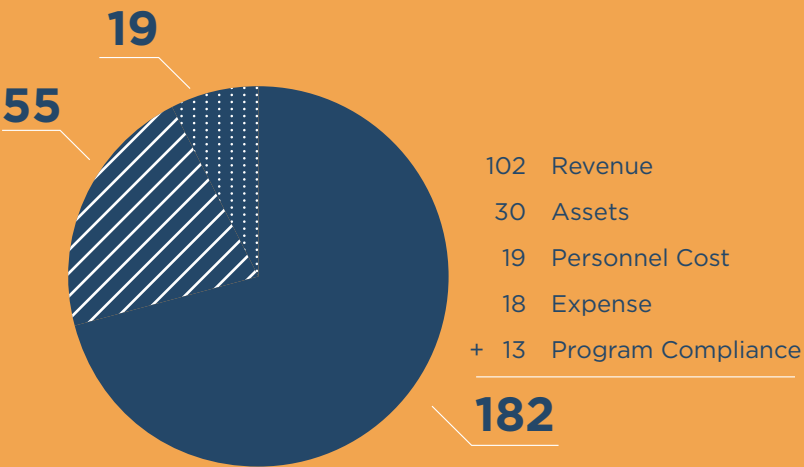
BEING MORE SECURE !

THE MISSION OF THE CITY AUDITOR'S OFFICE IS TO CREATE REAL, POSITIVE CHANGE WITHIN OUR CITY

government by making reasonable, useful and worthwhile recommendations while continuously focusing on increasing and protecting the City's revenues, safeguarding the City's assets and reducing the potential for fraud.

From 2010-2014, the City Auditor's Office issued 53 reports containing 256 active recommendations to 16 City departments. This report summarizes the status of the 256 active recommendations provided by departments. Due to the extensive number of recommendations, information provided by departments was not verified, but is subject to follow-up audit procedures in the future.

STATUS OF 256 TOTAL RECOMMENDATIONS

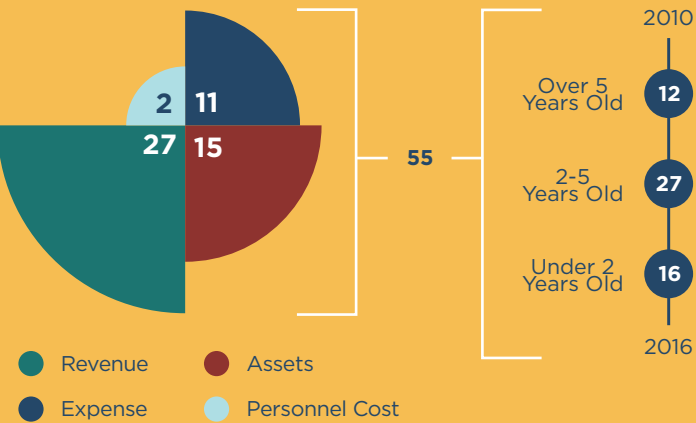


71% FULLY IMPLEMENTED

Our recommendations on how to improve oversight, reporting, access and safeguarding of **\$80 million in revenue** per year were fully implemented.

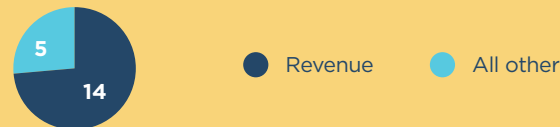
22% PARTIALLY IMPLEMENTED

Full implementation is less likely for 39 of the 55 partially implemented recommendations that are over 2 years old, which leaves City assets at risk for fraud or misappropriation.



7% NOT IMPLEMENTED

19 recommendations were not implemented by departments - of which 14 relate to revenue streams that bring in \$5.2 million each year.



HOW OUR WORK MADE A DIFFERENCE



More Money for Parks, Public Pools and Recreation Classes

The department now uses automated vs manual process to collect revenue, employees collecting cash are better trained and processes are more defined surrounding more than **\$6.6 million** in annual revenue.



Access to Fuel is Restricted

Fuel costs of **\$5.7 million** per year are spent to fuel City vehicles & equipment. Our recommendation to reconcile fuel key inventory to department needs resulted in identification of 592 fuel keys that were disabled so they could no longer access fuel.



Additional Funding for City Beaches & Waterways

Recommendations to the Tidelands transfer calculation resulted in an additional **\$9.4 million** in the first two years. This money is used to take care of our beaches and marinas.



New Software Tracks Parking Citation Payments

The department was in serious need of a new system to assist with the processing and collecting of parking citations owed and payments received. Since our audit, new software was obtained that now monitors billing and collection of more than **\$13 million** in annual revenue.



Enhanced Security Over Towing Cash

The City's Towing operations handles approximately **\$5.3 million** in cash per year. A stricter policy is now in place regarding who has the ability to handle cash and authority to make changes to revenue records in the system.



Oil Revenue Spent on Public Safety as Required

Our Office conducted annual audits that provided assurance that **\$17 million** in oil tax revenue over the past five years was spent appropriately on police and fire as required by the City's Municipal Code.

CONSISTENT AREAS OF HIGH RISK CITYWIDE

OUR AUDITS INDICATE SYSTEMIC ISSUES IN ESSENTIAL CITY OPERATIONS THAT RESULT IN A HIGH RISK OF FRAUD OR MISAPPROPRIATION.

Direction Needed with Strategic Planning



In many audits the issues were broad because effective strategic plans were lacking. This created problems throughout the departments that could not be addressed by a simple recommendation. **Over the 5 years, we made strategic planning recommendations to operations that bring in more than \$40 million in annual revenue.**



Nonexistent or Weak Policy & Processes

A key component of strategic planning is having solid policies and processes that provide good controls over City assets. A substantial amount of the recommendations, **45% across 12 Departments**, addressed the lack of sufficient policy and defined processes over a particular operation.



Challenges with Procurement and Overseeing Contracts



Our audits noted numerous issues with procurement and the City's ability to effectively oversee contracts. To this effect, 39 recommendations related to poor procurement and contract oversight of contracts that bring in more than **\$29 million in annual revenue.**



Needed Improvement with Software Systems

Excessive access to software systems and unreliable data due to poor security were common occurrences resulting in 27 of the recommendations. These issues can easily lead to fraud such as in Animal Care Services where **\$253,000 of revenue was stolen** in less than one year.

IN CLOSING, THE MISSION OF THE CITY AUDITOR'S OFFICE IS TO CREATE REAL, POSITIVE CHANGE WITHIN OUR CITY government by making recommendations to management that are reasonable, useful and worthwhile. The status of recommendations over the 5-year period indicates the City has made great strides in making government better, more efficient, and more transparent based on the work of this Office. There is still work to be done as highlighted in the "Consistent Areas of High Risk Citywide" section. These areas touch on fundamental operations dealing with significant portions of the City's revenue and assets. By not taking corrective action, the City is exposed to a higher risk of fraud, waste, and potentially uncollected revenue.



"I am very pleased with this report that shows City departments are implementing a majority of our recommendations which are creating positive changes for the City of Long Beach. We will continue to actively monitor the areas of high risk and do everything we can to protect the City's assets."

Laura L. Doud

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