



INDEPENDENCE YOU CAN RELY ON

CITY AUDITOR'S REPORT ON RESULTS:

Departments Made Progress on Audit Recommendations; however, Those Not Implemented Expose the City to Ongoing Risk



297 Recommendations Issued to **17 Departments** between 2010 - 2017 *

66% Fully Implemented

19% Partially Implemented

15% Not Implemented

35 Audit Reports,
6 Non-Audit Reviews,
&
2 Hotline Investigations

94 Contracts & Lease Agreements worth **\$48 million**

\$131 million in **Expenses**

\$47 million in **Revenue** from fees, permits, oil production, & leases

THE CITY AUDITOR'S OFFICE CONDUCTS INDEPENDENT AUDITS AND FRAUD INVESTIGATIONS, AND ISSUES RECOMMENDATIONS to provide assurance that City funds are spent as intended; promote transparency of City operations; and prevent fraud, waste and abuse of City resources. Individual Departments are responsible for implementing and enforcing the City Auditor's recommendations.

**Includes recommendations from reports issued from 2010 through August 2017 and recommendations determined to be partially or not implemented in the 2016 City Auditor's Report on Results. A judgmental sample of 25% of recommendations contained in the scope of work was selected for follow-up testing to verify the implementation status reported by the Departments.*

297 Recommendations to Make Long Beach Better

across 6 different recommendation types

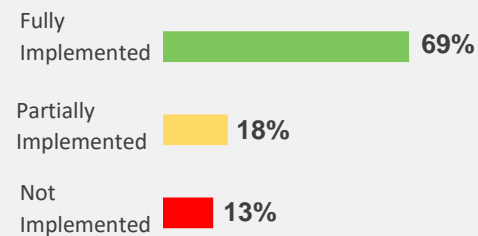
WHILE DEPARTMENTS IMPLEMENTED MOST RECOMMENDATIONS TO IMPROVE OPERATIONS
such as administration of City contracts and personnel management,

THOSE NOT IMPLEMENTED PROLONG THE CITY'S EXPOSURE TO RISKS
such as those related to performance tracking and data integrity.

PROCUREMENT & CONTRACT MANAGEMENT

120 RECOMMENDATIONS to:

- Ensure city contracts are updated and accurate
- Make contract management training available Citywide
- Identify conflicts of interests



FOR EXAMPLE, Emergency Board-Up Services Audit led to more oversight of the sub-contractor providing the services. The current vendor, who was previously the sub-contractor, now has a direct contract with the City enabling the City to properly evaluate and monitor the service provider.



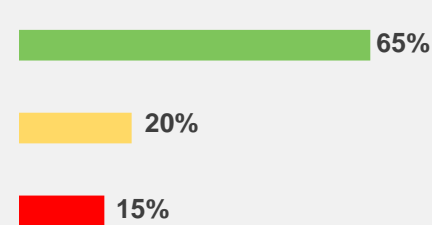
Risks if Not Implemented:

- **Overpayments** to vendors
- **Poor service** from vendors
- **Inability to hold vendors accountable** to contract terms
- **Undetected** conflicts of interest

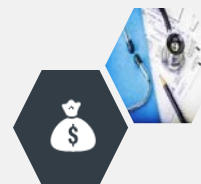
REVENUE & CASH CONTROLS

79 RECOMMENDATIONS to:

- Verify and safeguard revenue
- Assess if strategies to maximize revenue are effective



FOR EXAMPLE, Health Revenue Collection Audit helped better secure revenue at five City clinics with stronger policies and new reporting practices. These funds are used to provide services such as tuberculosis control, STD prevention education, and immunizations.



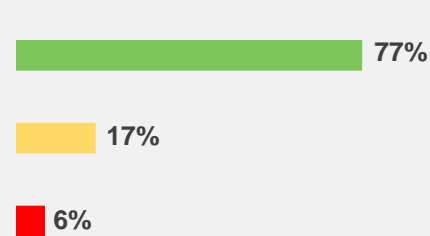
Risks if Not Implemented:

- **Unprotected** cash
- **Theft** of City funds
- **Less funding** for City services
- **Increased** risk of fraud

PERSONNEL MANAGEMENT

35 RECOMMENDATIONS to:

- Improve staff deployment
- Mitigate conflicts of interest
- Strengthen timecard management
- Provide proper training so staff can fulfill their job duties



FOR EXAMPLE, Job Order Contract Audit prompted a series of trainings and policies to ensure that City staff can manage projects competently and consistently. This resulted in legislation and guiding policies that project managers use to ensure the City receives quality projects at a fair price.



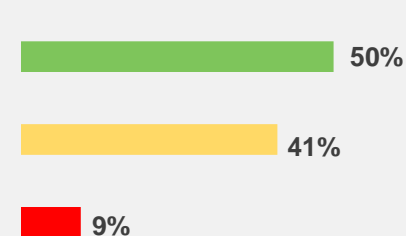
Risks if Not Implemented:

- **Poor staffing** of critical services
- **Inadequate** staff training
- **Reduced** service levels
- **Reduced** service quality
- **Increased** risk of fraud

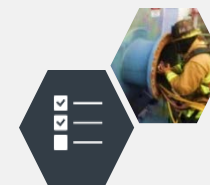
SECURITY OF ASSETS & PROPERTY

22 RECOMMENDATIONS to:

- Strengthen inventory processes for City assets
- Identify effective inventory tracking mechanisms
- Ensure sensitive items are handled properly



FOR EXAMPLE, Contract Management Audit Series created stronger inventory practices for various City assets. For example, the Fire Department updated its inventory processes to include regular and documented inspections to ensure protective gear is properly maintained.



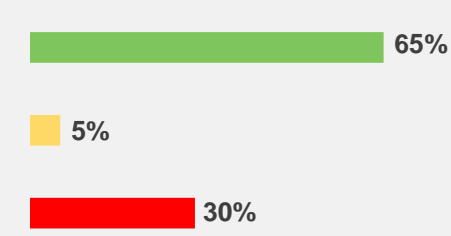
Risks if Not Implemented:

- **Outdated** inventory systems
- **Unsafe** equipment
- **Unused** supplies and equipment
- **Increased** risk of fraud

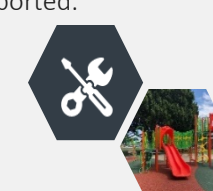
PERFORMANCE TRACKING

20 RECOMMENDATIONS to:

- Improve how construction projects are prioritized
- Monitor contractor performance
- Track progress towards service goals



FOR EXAMPLE, Park Maintenance Audit resulted in more systematic vendor oversight to ensure 260 parks and medians are adequately maintained. Council also allocated up to \$710,000 in more funding for landscape maintenance. Over 4,700 park inspections in FY 2019 were reported.



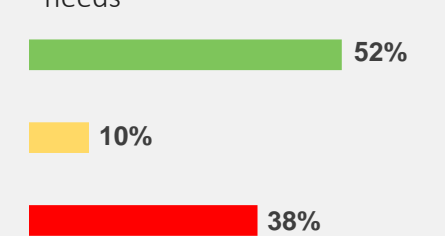
Risks if Not Implemented:

- **Inability to measure progress** towards service needs and goals
- **Inability to measure impact** of new policies
- **Inability to hold vendors** to service expectations

DATA INTEGRITY & USER ACCESS

21 RECOMMENDATIONS to:

- Protect data integrity by aligning employee system access with respective job duties
- Limit employee ability to modify records
- Review system functionality to ensure it meets departmental needs



FOR EXAMPLE, Vehicle Lien Sales Audit resulted in more thorough review of changes to payment records in transaction reports. While progress was made, more work can be done to limit the number of staff who can access and modify payment information in the system.



Risks if Not Implemented:

- System **security breaches**
- **Reduced** system functionality
- **Low-quality** data
- **Poorly-informed** decisions
- **Increased** risk of fraud



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