

**CITY OF SANTA MONICA**  
**AUDIT SUBCOMMITTEE MEETING**  
**MINUTES**

**TUESDAY, APRIL 19, 2016**

A regular meeting of the Santa Monica Audit Subcommittee was called to order by Chair Patel, at 7:05 p.m., on Tuesday, April 19, 2016, at Ken Edwards Center, 1527 Fourth Street, Santa Monica, CA 90401

Roll Call: Present: Committee Member Frances Ellington  
Vice Chair Sue Himmelrich  
Committee Member Tony Vazquez  
Chair Member Nimish Patel

Absent: Committee Member Pam O'Connor

Also Present: Director of Finance Gigi Decavalles-Hughes  
Assistant City Manager Elaine Polachek  
City Attorney Marsha Moutrie  
City Clerk Denise Anderson-Warren

**CONVENE**

On order of Chair, the Audit Subcommittee convened at 7:05 p.m., with Committee Member O'Connor absent.

**PUBLIC INPUT**

There were no members of the public present.

**MINUTES**

**3. Approval of Minutes for the Audit Subcommittee January 19, 2016 Meeting**, were presented.

There were no members of the public present.

Motion by Vice Chair Himmelrich, seconded by Committee Member Ellington, to approve the minutes as presented. The motion was approved by the following vote:

AYES: Committee Member Ellington, Vice Chair Himmelrich,  
Chair Patel

ABSTAIN: Committee Member Vazquez

ABSENT: Committee Member O'Connor

**INTERNAL AUDIT  
WORK PLANS**

**4. Receive a Status Update on the FY 2015-16 Internal Audit Work Plan, and Review and Approval of the FY 2016-17 Internal Audit Work Plan** (Subcommittee Report) – presented by Mark Steranka, Partner, Moss Adams LLP, was presented.

There were no members of the public present.

Mr. Steranka reported that his company, who are responsible for the internal audit, also helped with the external audit in a minimal way, as requested, and was an advisor for reconciliation. The areas covered were:

- Bank Reconciliation Support
- External Audit Preparation Support
- Ambulance Billing Review
- Benefits Billing and Reconciliation Review
- On-going Internal Audit Services

Questions were raised about the timing of the Subcommittee's next meeting in October, and the importance of reviewing the progress on the 2015-16 Single Audit report prior to submitting the report to the Federal Government. Members agreed that they would receive an overview of the report in January, rather than review the draft. Direction was given to staff to create a fourth meeting and call a Special Meeting in August or September. Direction was also given to staff to provide clarification on the roles and responsibilities of the Subcommittee members at the next meeting.

Questions were asked and answered from staff regarding: if the benefit reviews were specifically concentrating on paying benefits for deceased; concerns about the Ethics hotline, and accountability for complaints being filed (the Assistant City Manager noted that metrics on the Ethics hotline would be provided to Council); the timing of the Risk Assessment (to be completed in October 2016); whether Risk Assessment questions are specific and who will be interviewed (Department Heads, Council, mid-management); Supervisor training, how this will be accomplished, and what areas will be covered (Supervisor handbook and training in September 2016); and whether there is enough staffing to complete the Risk Assessment in the scheduled timeframe.

Motion by Vice Chair Himmelrich, seconded by Committee Member Vazquez, to receive and file the status update on the Internal Audit Work Plan for FY 2015-16, and approve the Internal Audit Work Plan for FY 2016-17. The motion was unanimously approved by voice vote, with Committee Member O'Connor absent.

## **SINGLE AUDIT REPORTS**

5. Receive the Revised Single Audit Report for FY 2013-14 and the Single Audit Report for FY 2014-15 – presented by Gigi Decavalles-Hughes, Director of Finance.

There were no members of the public present.

The Finance Director gave an overview of the report.

Questions were asked and answered from staff regarding why the 2013/14 report was reissued, and when old findings fall off. There was an outstanding finding, and Finance has hired an Analyst specifically for

Grants to make sure reconciliations and completed projects are captured.

Motion by Vice Himmelrich, seconded by Committee Member Vazquez, to receive and file the Revised Single Audit Report for FY 2013-14, and the Single Audit Report for FY 2014-15. The motion was unanimously approved by voice vote, with all members present, or with Committee Member O'Connor absent.

## NEW AUDITOR

**6. Introduction and Overview of Upcoming FY 2015-16 Audit Process – presented by Richard Kikuchi, Partner, Lance, Soll & Lunghard, LLP, was presented.**

There were no members of the public present.

Richard Kikuchi presented the processes they are currently going through in preparation for the upcoming FY2015-16 audit, which included meeting with the previous Auditor and Big Blue Bus; Reviewed the Single Audit and the Comprehensive Annual Financial Report (CAFR). The areas they plan to cover include: Airport Analysis and revenues generated; Big Blue Bus inventory issues; Good internal controls of cash and credit card usage; Best practices; and schedule Executive Sessions at the beginning of the planning stages.

Questions were asked about materially, what and when will they come back and report to the committee, and render an opinion on the City's financial state.

Motion by Vice Chair Himmelrich, seconded by Committee Member Vazquez, to receive and file the Overview of the Upcoming FY 2015-16 Audit Process. The motion was unanimously approved by voice vote, with all members present, or with Committee Member O'Connor absent.

## ANNOUNCEMENTS & UPDATES

There were no announcements or updates.

## ADJOURNMENT

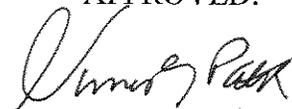
On order of the Chair, the Santa Monica Audit Subcommittee meeting was adjourned at 8:27 p.m.

ATTEST:



Denise Anderson-Warren  
City Clerk

APPROVED:



Nimish Patel  
Chair