

received that lead to investigations. Another avenue to voice concerns throughout the City is Santa Monica Works. In a one-year period 10,000 complaints have been made via Santa Monica Works with only two or three complaints being human resources related. Several initiatives have been implemented to educate the general public and staff of the availability of the Ethics Hotline in a multitude of languages with availability 24/7. Employees and the general public are educated regarding the Ethics Hotline as a reminder during their annual employee evaluation by department managers, posters and flyers distributed throughout city buildings, during new hire orientation, in the HR newsletter, the City Manager's website, and the Administrative Instruction. The hotline will also have a more prominent position on the City website when it relaunches.

The top three complaints received since October 2018 that are non-ethics related include misconduct which entails being rude to customers, bullying, drug and alcohol abuse, etc.; discrimination and harassment based on sex; and discrimination and harassment based on race.

Questions asked and answered included: How are harassment claims handled; is the hotline really necessary; how are anonymous complaints handled; what happens when there is a credible complaint; once a complaint rises to the need to be investigated, how many were truly deemed credible; what is the scope of the hotline; do complaints concerning ethics complaints of non-employees come through this ethics hotline; if not where do these types of complaints get filed; are whistleblowers protected; what languages are used in the flyers; should we call the ethics hotline by a different name to avoid any confusion by the public when making a claim; and are the number of complaints received typical for an organization this size.

Considerable discussion ensued on topics including, but not limited to: the process for properly filing an ethics complaint and ways to expand outreach to the broader community.

Motion by Committee member Winterer, seconded by Committee member Zernitskaya, to receive and file the report. The motion was unanimously approved by voice vote, with all members present.

**INTERNAL AUDIT
UPDATE****4. Internal Audit Update,** (Moss Adams) was presented.

There were no members of the public present to speak.

The following internal audit status report was provided.

| Project | Objective | Schedule | Activities This Period | Activities Next Period | Issues |
|-----------------------------------|---|---|--|--|---------------|
| Human Resources Performance Study | Identify opportunities for efficiency and/or effectiveness gains relative to hiring policies, laws, classification, charter, etc. | December 2019 through March 2020 | Met with City to define focus and work plan. | Kickoff project and perform fieldwork. | None |
| Real Estate Assessment | Assess current real estate holdings and leases to optimize cost and value structure | November 2019 through February 2020 | Conducted kickoff meeting finalized work plan | Perform fieldwork | None |
| Parking Operating Contract Review | Perform a review of the City's parking operations contract for contractor performance and City management | October 2019 through February 2020 | Conducted kickoff meeting and submitted document request. | Perform fieldwork | None |
| Construction Audit | Perform initial, mid-point, and/or closeout audits of major city construction projects to ensure contract compliance. | October 2019 and February 2020 through May 2020 | Reviewed contract language for Sustainable Water Infrastructure Construction Project to provide feedback on how to | Initiate construction audit of City Hall campus building | None |

| | | | | | |
|---|--|-----------------------------|---------------------------|------|------|
| | | | strengthen contract terms | | |
| Grants Management Internal Controls Testing | Test compliance with grants management policies and procedures and compare to best practices | February through April 2020 | Revised schedule | None | None |

Questions asked and answered included: Is there room for improvement in the SWIP contract; was the design build approach validated; at which point of the contract negotiation for SWIP did the auditor come in; will these be the only projects for the rest of the fiscal year; what’s the objective of the Human Resources Performance Study; and is this type of study being done across all the departments.

Considerable discussion ensued on topics including, but not limited to: recommendations for the metrics to be improved in the Human Resources Performance Study and clarification of some of the objectives to be met and expected outputs; and clarification regarding the real estate assessment.

Motion by Vice Chair Himmelrich, seconded by Committee member Winterer, to receive and file the report. The motion was unanimously approved by voice vote, with all members present.

VALIDATION

5. Validation, (Moss Adams) was presented.

There were no members of the public present to speak.

The following audit validation report was provided:

This quarter nine recommendations for two reports were validated; three for ambulance contract billing and six for internal controls. Findings/observations, recommendations and status was provided for each validated item.

Questions asked and answered included: Are there still other deficiencies in need of validation; is any other validation being done aside from the review of the administrative instruction for the internal controls testing/cash handling; next phase of spot audits; should the transient occupancy tax revenue be evaluated in the audit; and where does the City obtain revenue in the ambulance contract billing process.

Considerable discussion ensued on topics including, clarification of the reports provided; trainings on cash handling and bringing ideas for suggestions of items to be audited.

Motion by Vice Chair Himmelrich, seconded by Committee member Winterer, to

receive and file the report. The motion was unanimously approved by voice vote, with all members present.

**AUDIT FINDINGS
STATUS UPDATE**

6. Audit Findings Status Update (Stephanie Lazicki-Meyer, Principal Administrative Analyst – Finance), was presented.

There were no members of the public present to speak.

It was reported that there are 167 findings and 228 associated recommendations. About 58% are on-going or completed and 36% are in progress.

Questions asked and answered included: How are items handled when management disagrees with the audit findings or recommendations; is accepting the risk of not following an audit finding or recommendation a policy issue or a management issue; and how to streamline the process for handling these conflicts.

Considerable discussion ensued on topics including, reporting the age of pending items, providing clarification on the status summary and which departments have yet to be audited.

Motion by Vice Chair Himmelrich, seconded by Committee member Zernitskaya, to receive and file the report. The motion was unanimously approved by voice vote, with all members present.

**2020 MEETING
DATES**

Past practice has been to schedule Audit Subcommittee meetings quarterly on the third Tuesday of the month. The recommended meeting dates are as follows:

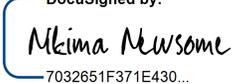
- February 18th
- May 19th
- August 18th
- November 17th

Motion by Committee member Zernitskaya, seconded by Committee member Winterer, to approve the recommended meeting dates. The motion was unanimously approved by voice vote, with all members present.

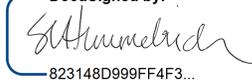
ADJOURNMENT

On order of the Chair, the Santa Monica Audit Subcommittee meeting was adjourned at 7:33 p.m.

ATTEST:

DocuSigned by:

 7032651F371E430...
 Nikima S. Newsome
 Assistant City Clerk

APPROVED:

DocuSigned by:

 823148D999FF4F3...
 Sue Himmelrich
 Chair