City of Santa Monica Internal Audit Findings and Recommendations

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AUDIT REPORT NAME	REPORT DATE	FIN-DING #	KEY CONTROL	FINDING/ OBSERVATION	RECOMMENDATION	STATUS	EST COMPL. DATE	PROPOSED FOR VALIDATION	DATE VALIDATED
Ambulance Contract Billing	10/12/2016	1	General Recordkeeping	Inconsistencies exist in the basic recordkeeping related to ambulance calls.	Continue with the implementation of electronic Patient Care Records (City).	Completed			
Ambulance Contract Billing	10/12/2016	1	General Recordkeeping	Inconsistencies exist in the basic recordkeeping related to ambulance calls.	Incorporate recordkeeping quality into future contract requirements (City).	Completed			
Ambulance Contract Billing	10/12/2016	1	General Recordkeeping	Inconsistencies exist in the basic recordkeeping related to ambulance calls.	Establish address standardization requirements (City).	Completed			
Ambulance Contract Billing	10/12/2016	1	General Recordkeeping	Inconsistencies exist in the basic recordkeeping related to ambulance calls.	Train the Contractor's field staff to ensure that ongoing improvements occur (Fire).	Completed			
Ambulance Contract Billing	10/12/2016	2	Billing for Core Services	The County's new ambulance rates and current revenue sharing model will yield less revenue for the City than in the prior FY.	Require the Contractor to maintain adequate documentation for all services performed & billed in the new contract (City)	Completed			
Ambulance Contract Billing	10/12/2016	2	Billing for Core Services	The County's new ambulance rates and current revenue sharing model will yield less revenue for the City than in the prior FY.	Modify the current contract & all future ambulance contracts to comprehensively address billing expectations & requirements (City)	Completed			
Ambulance Contract Billing	10/12/2016	2	Billing for Core Services	The County's new ambulance rates and current revenue sharing model will yield less revenue for the City than in the prior FY.	Create a table that includes & shows all the current year's rates and charges (City)	Completed			
Ambulance Contract Billing	10/12/2016	3	Billing for Special Services: Oxygen	Billing and recordkeeping for pulse oxygen service was inconsistent.	Implement periodic administrative spot checks.	Completed			
Ambulance Contract Billing	10/12/2016	3	Billing for Special Services: Oxygen	Billing and recordkeeping for pulse oxygen service was inconsistent.	Monitor the application of oxygen fees as part of an ongoing quality check.	Completed			
Ambulance Contract Billing	10/12/2016	3	Billing for Special Services: Oxygen	Billing and recordkeeping for pulse oxygen service was inconsistent.	Any charges in excess of LA County rates that are identified should be reported to the City & any overpayments should be returned to the appropriate parties.	Completed			
Ambulance Contract Billing	10/12/2016	4	Billing for Special Services: Additional Therapies	The Contractor did not fully bill for all additional treatments, creating lost potential revenue for the Contractor and the City.	Remove the skilled nursing facility fee from the current ambulance contract & all contracts going forward given that this fee is scheduled to be removed from the City's fee resolution in June 2017.	Completed			
Ambulance Contract Billing	10/12/2016	5	Billing and Revenue Collection	There are inconsistencies in the Contractor's practices regarding collections & the City's process for reconciling revenue collection has not been institutionalized yet.	Perform ongoing monitoring to ensure that the City is performing billing & collections activities in a timely manner.	Completed			
Ambulance Contract Billing	10/12/2016	5	Billing and Revenue Collection	There are inconsistencies in the Contractor's practices regarding collections & the City's process for reconciling revenue collection has not been institutionalized yet.	Until the process for reconciling revenue is institutionalized, begin monitoring services for mileage and services provided to Basic Life Support transports.	Completed		2019 Q4	12/9/2019
Ambulance Contract Billing	10/12/2016	6	Revenue Collection	Current billing practices may not maximize the City's ability to capture revenue for its ambulance services.	Review the Contractor's billing activities.	Completed		2019 Q4	12/9/2019
Ambulance Contract Billing	10/12/2016	6	Revenue Collection	Current billing practices may not maximize the City's ability to capture revenue for its ambulance services.	Establish a process to report account adjustments.	Completed			
Ambulance Contract Billing	10/12/2016	6	Revenue Collection	Current billing practices may not maximize the City's ability to capture revenue for its ambulance services.	In the long-term, work with its current Contractor to discuss the ability to shift to bundled billing	Completed			
Ambulance Contract Billing	10/12/2016	7	Billing for Core Services	The County's new ambulance rates and current revenue sharing model will yield less revenue for the City than in the prior FY.	Explore adjustments to its revenue sharing structure with the Contractor for the remainder of the FY.	Completed			
Ambulance Contract Billing	10/12/2016	8	Billing for Special Services: Code 3	The Contractor's practices for charging fees for Code 3 responses may not have been consistent with the intent of the	Consider seeking a formal opinion about the allowability of the practice of applying Code 3 twice for a single ambulance call.	Completed			
Ambulance Contract Billing	10/12/2016	9	Billing for Special Services: Mileage	Problems with mileage recordkeeping & billing may have a compounding impact.	In future contracts, consider requiring Contractors to use commonly available GPS programs to calculate mileage based upon reasonable travel routes & traffic	Completed			
Ambulance Contract Billing	10/12/2016	10	Revenue Collection	Although the Finance Department has recently developed a process for reconciling revenue collection, the process has not	The Finance Department should consider how to incorporate the following additional monitoring efforts into the proposed monthly processes:	Completed		2019 Q4	12/9/2019
Ambulance Contract Billing	10/12/2016	11	Billing for Special Services: Additional Therapies	The Contractor did not fully bill for all additional treatments, creating lost potential revenue for the Contractor and the City.	Modify the current contract & all future ambulance contracts to comprehensively address billing expectations and requirements.	Completed			

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Ambulance Contract Billing	10/12/2016	12	Revenue Collection	Lack of clarity about certain billing practices for the City creates uncertainty about the revenue due, thereby limiting accountability and full revenue collection.	Work with the City's software vendor to develop mechanisms for reporting the administration of qualifying interventions for which ALS services can be billed.	Completed			
Ambulance Contract Billing	10/12/2016	13	Revenue Collection	Payments to the City are delayed longer than payments to the Contractor.	In collaboration with the City, the Contractor should develop mechanisms to demonstrate the speed with which payments are being received, processed, & deposited to the City's account.	Completed			
Ambulance Contract Billing	10/12/2016	13	Revenue Collection	Payments to the City are delayed longer than payments to the Contractor.	For credit card payments, the Contractor should explore options to use the City's web-based credit card processing system.	Completed			
Ambulance Contract Billing	10/12/2016	13	Revenue Collection	Payments to the City are delayed longer than payments to the Contractor.	For check payments, the Contractor should obtain and implement the use of a remote check scanner.	Completed			
Ambulance Contract Billing	10/12/2016	14	Revenue Collection	Although the Finance Department has recently developed a process for reconciling revenue collection, the process has not been institutionalized yet.	Work with the Contractor to explore opportunities to revise billing practices for BLS transports not provided ALS services.	Completed			
Ambulance Contract Billing	10/12/2016	14	Revenue Collection	Although the Finance Department has recently developed a process for reconciling revenue collection, the process has not been institutionalized yet.	In collaboration with the Finance Department, the Contractor should: -Develop & provide reporting information to the City for assurance of initial billing activities, account adjustments that occur after initial billing, and reliable patient coverage information. -Modify its aging reports to provide adequate detail to the City to allow ongoing monitoring of revenue collection.	Completed			
Big Blue Bus Overtime	10/9/2018	1		BBB's overtime expenditures increased from $6.5 million in FY 2015 to $7.7 million in FY 2018, with a peak of $8.4 million in FY 2017. Between FY 2017 and FY 2018, overtime expenditures fell 8.7% due to Department interventions	Continue to evaluate overtime expenditures and implement programs to cost-effectively reduce overtime expenditures.	Completed		2020 Q2	
Big Blue Bus Overtime	10/9/2018	1		BBB's overtime expenditures increased from $6.5 million in FY 2015 to $7.7 million in FY 2018, with a peak of $8.4 million in FY 2017. Between FY 2017 and FY 2018, overtime expenditures fell 8.7% due to Department interventions	Continue to evaluate overtime expenditures and implement programs to cost-effectively reduce overtime expenditures.	In progress	6/1/2021		
Big Blue Bus Overtime	10/9/2018	2		BBB's overtime budget does not reflect actual anticipated costs, resulting in budget overages ranging from $3.2 million in FY 2015 to $4.1 million in FY 2018, with a peak of $4.9 million in FY 2017.	To adequately plan for operational costs, revise the overtime budget to more closely reflect actual anticipated costs based on historical data, trends, and department goals. To adequately plan for operational costs, revise the overtime budget to more closely reflect actual anticipated costs based on historical data, trends, and department goals.	Completed			
Big Blue Bus Overtime	10/9/2018	3		BBB utilizes cafeteria style bidding to establish MCO run schedules, which allows MCOs to select specific daily runs and days off from a master list, ultimately contributing to higher overtime costs.	Collaborate with SMART-TD and MCOs to establish alternative scheduling guidelines to promote cost-effective MCO run schedules, operator safety, and provision of consistent and reliable regional transit services.	In progress	5/1/2020		
Big Blue Bus Overtime	10/9/2018	4		MCO absences were the largest driver of unscheduled overtime, with 16-18% of the workforce being absent throughout FY 2015 and FY 2018.	Develop a comprehensive attendance management program to reduce absences and associated overtime.	Completed		2020 Q2	
Big Blue Bus Overtime	10/9/2018	5		FMLA absences are the largest form of absences contributing to MCO unscheduled overtime costs. BBB management lacks a mechanism to efficiently and effectively monitor and enforce FMLA requirements.	Work with the City's HR Department to establish regular reporting that enables management and supervisors to monitor and enforce FMLA OR Consider outsourcing FMLA administration and management to a third party administrator.	In progress	3/1/2020	2020 Q2	

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Big Blue Bus Overtime	10/9/2018	6		Absences related to workers' compensation contributed significantly to MCO unscheduled overtime. BBB management report that the use of a third-party administrator resulted in workers' compensation absence and cost reductions in FY 2018.	Continue working with a third-party administrator to administer and manage workers' compensation and evaluate the program's efficacy.	In progress	11/1/2020		
Big Blue Bus Overtime	10/9/2018	7		MCO absences due to vacation leave also contributed to unscheduled overtime. Because use of vacation leave is typically planned in advance, there may be opportunities to reduce overtime resulting from vacation-related absences.	Collaborate with SMART-TD to potentially adjust scheduling practices to proactively plan for vacation leave and reduce associated overtime.	Completed			
Big Blue Bus Overtime	10/9/2018	8		According to prior studies, BBB has a shortage of MCOs to operate current levels of service and reduce overtime. Additionally, nearly one-fourth of MCOs are age-eligible for retirement, resulting in significant potential future turnover.	Continue identifying opportunities to streamline the hiring and training processes for MCOs.	Completed			
Billing and Accounts Receivable	2/8/2018	1	System	The City uses standalone billing systems that require manual entries into the City's financial management system. Additionally, some billing activities are performed outside of any billing software systems.	Shift all manual billing activities to billing software systems.	In progress	12/1/2020		
Billing and Accounts Receivable	2/8/2018	1	System	The City uses standalone billing systems that require manual entries into the City's financial management system. Additionally, some billing activities are performed outside of any billing software systems.	For manual entry activity, improve controls on cash deposit, payment & reconciliation processes.	In progress	12/1/2020		
Billing and Accounts Receivable	2/8/2018	2	Fee Adjustment	Not all fee adjustments are access-limited or monitored to ensure appropriateness.	Limit the ability to perform fee adjustments and overrides.	In progress	6/1/2020	2020 Q2	
Billing and Accounts Receivable	2/8/2018	3	Monitoring Billing	Monitoring is not performed to ensure complete & accurate assignment of fees, including waived fees.	Implement monitoring process for recording outstanding account balances & billing activities.	In progress	6/1/2020		
Billing and Accounts Receivable	2/8/2018	4	Monitoring AR and Other Activities	Not all the City's outstanding balances are accurately accounted for or actively worked for collection.	Establish an approach for recording outstanding account balances.	In progress	12/31/2019		
Billing and Accounts Receivable	2/8/2018	5	Audit Trail	Not all billing systems have audit trails.	Implement additional controls for systems without audit trails.	In progress	12/31/2019		
Billing and Accounts Receivable	2/8/2018	5	Audit Trail	Not all billing systems have audit trails.	Document regular reviews of audit trails & assignment of responsibility.	In progress	12/31/2019		
Billing and Accounts Receivable	2/8/2018	6	User Access	Not all access levels are well-defined or appropriately assigned.	Formalize the process for administering system access, differentiating levels of user access.	In progress	12/31/2019		
Billing and Accounts Receivable	2/8/2018	7	Monitoring Billing	Monitoring is not performed to ensure complete & accurate assignment of fees, including waived fees.	Implement monitoring process for recording outstanding account balances & billing activities.	In progress	12/31/2019		
Billing and Accounts Receivable	2/8/2018	8	Monitoring AR and Other Activities	Not all the City's outstanding balances are accurately accounted for or actively worked for collection.	Establish an approach for recording outstanding account balances.	In progress	12/31/2019		
Billing and Accounts Receivable	2/8/2018	9	Audit Trail	Not all billing systems have audit trails.	Document regular reviews of audit trails & assignment of responsibility.	In progress	12/31/2019	2020 Q2	
Billing and Accounts Receivable	2/8/2018	10	User Access	Not all access levels are well-defined or appropriately assigned.	Formalize the process for administering system access, differentiating levels of user access.	In progress	12/31/2019		

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Billing and Accounts Receivable	2/8/2018	11	Fee Schedule	Not all or outdated fee schedules are programmed into billing systems.	Update the fee & fine amounts to the City Council's approved fee resolution & program fees into billing systems.	In progress	6/1/2021		
Billing and Accounts Receivable	2/8/2018	12	Fee Schedule	Not all fees are approved by the City Council.	Consider including all fees in the City Council's fee review & approval process or implement an alternate process.	Completed	4/9/2018		
Billing and Accounts Receivable	2/8/2018	13	Policies and Procedures	No citywide guidance exists to guide the entire billing process.	Develop written, holistic guidance for the entire billing process.	In progress	12/31/2019	2020 Q2	
Billing and Accounts Receivable	2/8/2018	14	Policies and Procedures	Written guidance does not specify the review of manual journal entries.	Revise cash handling policies to address the review of manual journal entries.	Completed			
Billing and Accounts Receivable	2/8/2018	15	Policies and Procedures	The City's policies & procedures do not address billing activities performed by third parties.	Incorporate guidance about the oversight of third-party vendors' billing activities into the Administrative Instruction.	Completed		2020 Q2	
Billing and Accounts Receivable	2/8/2018	16	Policies and Procedures (P&P Review 4)	Current accounts receivable monitoring & collections activities are inconsistent across departments.	Provide more robust guidance citywide regarding the monitoring of accounts receivable & collections actions.	Completed			
CERP Fund Review	7/31/2019	1	Governance	The City does not yet have centralized technology governance.	Strengthen IT governance by establishing a City-wide governance committee, and consider centralizing IT funding to more effectively manage the City's IT spend.	In progress	6/30/2020		
CERP Fund Review	7/31/2019	2	Fund Services and Usage	ISD is recovering all operating costs. However, Departments report lack of clarity and frustration around charges. Funding for IT hardware, software, and operations at the City comes from a variety of sources.	Improve communication of ISD charges within the City's cost allocation plan.	In progress	6/30/2020		
CERP Fund Review	7/31/2019	2	Fund Services and Usage	ISD is recovering all operating costs. However, Departments report lack of clarity and frustration around charges. Funding for IT hardware, software, and operations at the City comes from a variety of sources.	Assess cost allocation methodologies to determine whether a different approach would benefit Department customers.	In progress	6/30/2020		
CERP Fund Review	7/31/2019	2	Fund Services and Usage	ISD is recovering all operating costs. However, Departments report lack of clarity and frustration around charges. Funding for IT hardware, software, and operations at the City comes from a variety of sources.	Consider transitioning to an Internal Service Fund structure.	In progress	6/30/2020		
CERP Fund Review	7/31/2019	3	Fund Services and Usage	The CERP Fund is not fully recovering direct costs or collecting comprehensive replacement reserves.	Establish a cost recovery goal, adjust charges to capture full direct costs of equipment, and initiate the collection of additional reserve funds.	In progress	6/30/2020		
CERP Fund Review	7/31/2019	4	Internal Service Delivery	The ISD's technical support team is understaffed given the current workload.	Reduce the technical support workload by increasing staff and/or decreasing the complexity of the IT environment.	On hold	6/30/2020		
CERP Fund Review	7/31/2019	5	Internal Service Delivery	Department staff report a lack of clarity around ISD processes, priorities, and charges.	Take steps to strengthen and clarify communication with departments.	In progress	6/30/2020		
CERP Fund Review	7/31/2019	6	Systems, Policies, and Processes	The ISD operates a dedicated data center to support operations across the City.	Develop a transition strategy to move toward a more flexible hybrid model that can better accommodate the City's future needs.	In progress	6/30/2020		
CERP Fund Review	7/31/2019	7	Systems, Policies, and Processes	The IT asset management system is not adequately meeting ISD and City needs	Support a comprehensive IT asset management system by procuring asset management software and clarify related roles and responsibilities.	In progress	12/30/2020		
CERP Fund Review	7/31/2019	8	Systems, Policies, and Processes	The ISD does not employ a leasing strategy for IT equipment.	The ISD should consider a selective leasing strategy for specific areas of equipment where leasing may provide a higher benefit than ownership.	In progress	6/30/2020		

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CERP Fund Review	7/31/2019	9	Systems, Policies, and Processes	Key ISD policies and procedures have not been established or documented.	Establish clear policies and procedures to support service delivery, collaboration, and accountability.	In progress	6/30/2020		
Compensation and Staffing	4/6/2018	1	Wage and Benefit Packages	In relation to peer cities, Santa Monica exhibits the same distribution of personnel costs as peers across wages, health benefits, and retirement.	Enhance awareness and understanding of personnel costs by making this information readily accessible to the general public and provide explanations of each component of total compensation.	Completed			
Compensation and Staffing	4/6/2018	1	Wage and Benefit Packages	In relation to peer cities, Santa Monica exhibits the same distribution of personnel costs as peers across wages, health benefits, and retirement.	Enhance awareness and understanding of personnel costs by making this information readily accessible to the general public and provide explanations of each component of total compensation.	Completed			
Compensation and Staffing	4/6/2018	2	Wage and Benefit Packages	Santa Monica lacks a formal philosophy to guide how compensation is determined.	Develop and implement a formal compensation philosophy, including, but not limited to, compensation and benefits components, levels, and market competitiveness, to guide labor negotiations and set employee expectations with respect to compensation.	Completed		2020 Q1	2/18/2020
Compensation and Staffing	4/6/2018	3	Wage and Benefit Packages	The City uses peer city compensation averages for individual positions during its market analysis prior to negotiations. Best practice is to expand the dataset used to include the median (midpoint) and calculate percentiles when benchmarking position wages.	Evolve the in-house position-level compensation market study methodology to include medians and percentiles in accordance with best practices, accounting for labor relation requirements.	In progress	Dependent upon Negotiations with bargaining groups in 2020		
Compensation and Staffing	4/6/2018	4	Wage and Benefit Packages	Santa Monica has taken steps to reduce unfunded liability, including introducing an additional retirement tier prior to the Public Employee Pension Reform Act and making $76 M in lump sum payments. Similar to peer cities, the City's overall unfunded pension liability remains high.	Continue to take steps whenever possible to mitigate the financial threat that pension liability places on the City.	Completed		2020 Q1	2/18/2020
Compensation and Staffing	4/6/2018	4	Wage and Benefit Packages	Santa Monica has taken steps to reduce unfunded liability, including introducing an additional retirement tier prior to the Public Employee Pension Reform Act and making $76 M in lump sum payments. Similar to peer cities, the City's overall unfunded pension liability remains high.	Continue to take steps whenever possible to mitigate the financial threat that pension liability places on the City.	Completed		2020 Q1	2/18/2020
Compensation and Staffing	4/6/2018	5	Wage and Benefit Packages	Similar to peers, Santa Monica's employee medical insurance costs have risen steeply in recent years. The City's cash contribution to monthly individual employee medical insurance, which varies by plan, is consistent with that of peers.	Evaluate options to stabilize per-employee health care costs.	Completed		2020 Q1	2/18/2020
Compensation and Staffing	4/6/2018	6	Drivers of Compensation	Santa Monica is a highly unionized municipality that typically negotiates multiple labor contracts lasting one to three years. Frequently, all 11 contracts expire simultaneously, requiring a significant amount of work to negotiate.	Consider negotiating labor contracts in the next cycle to expire at different times and cover longer durations to reduce the burden of negotiations on the City.	In progress	Dependent upon Negotiations with bargaining groups in 2020		

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Compensation and Staffing	4/6/2018	7	Drivers of Compensation	Like most municipalities, Santa Monica operates a civil service system that is governed by state law and the City's charter, municipal code, and civil service rules. As a result, is difficult to change personnel practices as business needs evolve.	Regularly assess the City's charter, municipal code, and civil service rules to ensure they are aligned with contemporary personnel practices and meet the evolving business needs of the City.	In progress	Dependent upon voters in November 2020		
Compensation and Staffing	4/6/2018	8	Drivers of Compensation	Santa Monica largely operated as usual during the 2008 recession and did not need to reduce staffing levels, while most peer cities had to significantly cut costs by increasing efficiency, outsourcing services, and reducing staffing levels.	Develop financial and operational strategies to prepare for possible future recessions, since the City may not be able to absorb a future recession as easily.	Completed			
Compensation and Staffing	4/6/2018	8	Drivers of Compensation	Santa Monica largely operated as usual during the 2008 recession and did not need to reduce staffing levels, while most peer cities had to significantly cut costs by increasing efficiency, outsourcing services, and reducing staffing levels.	Develop financial and operational strategies to prepare for possible future recessions, since the City may not be able to absorb a future recession as easily.	Completed			
Compensation and Staffing	4/6/2018	9	Drivers of Compensation	Santa Monica has the highest number of employees among peers. Similar to peers, tenure at the City tends to be long with 77.3% of employees being paid within 10% of the top salary step for the position.	Explore strategies for mitigating personnel costs, such as hiring personnel at lower steps, and leveraging training programs to equip personnel to take on greater responsibility earlier in their career.	In progress	Ongoing		
Compensation and Staffing	4/6/2018	10	Drivers of Compensation	Santa Monica employs more personnel than peers, in part, because it operates a variety of unique service offerings and responds to the service needs of a significant tourist population.	Implement an evaluation framework to assess the lifecycle costs of proposed new programs and services, and evaluate outsourcing options, where applicable.	Completed	6/25/2019	2020 Q1	2/18/2020
Compensation and Staffing	4/6/2018	11	Drivers of Compensation	In general, Santa Monica has a higher workload and higher costs than peer cities. The City could more strategically utilize key performance indicators to measure and communicate operational efficiency and effectiveness.	Continue initiatives already underway to develop a strategic plan, comprehensive performance indicators, and leverage the City's data for decision-making.	Completed	Ongoing		
Compensation and Staffing	4/6/2018	12	Public Safety Overtime	Although SMPD's overtime expenditures increased by $1.2 million between FY 2014 and FY 2016, the overtime rate for an existing employee costs an estimated 7.1 to 14.6% less than the hourly rate of a new employee, suggesting that the use of overtime provides cost savings to the department.	In accordance with best practice, continue to evaluate police staffing levels and use of overtime.	In progress	Ongoing		
Compensation and Staffing	4/6/2018	13	Public Safety Overtime	Although SMFD's overtime expenditures increased by approximately $800,000 between FY 2014 and FY 2016, the overtime rate for an existing employee costs an estimated 9.3% less to 6.5% more than the hourly rate of a new employee, suggesting that the use of overtime may provide cost savings to the department.	In accordance with best practice, conduct a staffing study to evaluate on-duty staffing demand, staffing levels, and use of overtime.	In progress	Ongoing		
Fire Department Administration Review	3/5/2019	1	Organization and Staffing	The Department's administrative employees operate in a siloed environment with limited teamwork, collaboration, and	Restructure support staff to operate as an administrative team that provides financial support and operational support to the Department as a whole.	Completed	Ongoing		
Fire Department Administration Review	3/5/2019	1	Organization and Staffing	The Department's administrative employees operate in a siloed environment with limited teamwork, collaboration, and intradepartmental support.	Add a staff assistant within operational support to enhance support services provided to other leaders within the Department, such as the Fire Safety Coordinator, EMS Coordinator, and other chiefs.	Completed	Ongoing		
Fire Department Administration Review	3/5/2019	2	Organization and Staffing	Despite operational siloes, members of the Department's administrative team lack clearly defined roles and responsibilities to understand their scope of work and related authority.	Define and prioritize administrative tasks to support departmental efficiency and effectiveness.	Completed		2020 Q2	
Fire Department Administration Review	3/5/2019	2	Organization and Staffing	Despite operational siloes, members of the Department's administrative team lack clearly defined roles and	Assign administrative employees primary and secondary responsibilities to enable employee ownership, accountability, cross-training, and optimal use of	In progress			

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Fire Department Administration Review	3/5/2019	2	Organization and Staffing	Despite operational siloes, members of the Department's administrative team lack clearly defined roles and responsibilities to understand their scope of work and related authority.	Update job descriptions according to employees' functions and tasks and align performance evaluations and career development plans accordingly.	In progress	6/30/2020		
Fire Department Administration Review	3/5/2019	3	Organization and Staffing	Administrative personnel have limited capacity to participate in training and development opportunities that would advance their careers and the Department's goals.	Ensure employees receive appropriate training and guidance on assigned tasks.	Completed			
Fire Department Administration Review	3/5/2019	3	Organization and Staffing	Administrative personnel have limited capacity to participate in training and development opportunities that would advance their careers and the Department's goals.	Encourage administrative personnel to participate in development opportunities that encourage efficiency and effectiveness, including evaluating their processes from the lens of other departments and attending management training.	Completed			
Fire Department Administration Review	3/5/2019	4	Organization and Staffing	The Department's current structure limits its ability to identify and develop potential successors for key administrative positions.	Develop a strategy to address workforce planning for key positions to support operational continuity.	Completed		2020 Q2	
Fire Department Administration Review	3/5/2019	4	Organization and Staffing	The Department's current structure limits its ability to identify and develop potential successors for key administrative positions.	Leverage the Santa Monica Institute (SMI) and external organizations to provide training on administrative functions and encourage achievement of relevant certifications.	Completed			
Fire Department Administration Review	3/5/2019	5	Operational Processes	Administrative staff report inconsistency and confusion regarding their priorities, as they are determined by individual managers.	Develop an annual or biennial administrative work plan that details ongoing core services as well as anticipated projects to improve departmental effectiveness and efficiency.	In progress	6/30/2020		
Fire Department Administration Review	3/5/2019	6	Operational Processes	Communications among Fire Administration staff are disjointed and impede optimal efficiency and effectiveness.	A. Establish formal communication protocols that encourage productive communication through cascading messaging. B. Hold regular staff meetings for support staff and administrators that include progress reporting, administrative updates, and ongoing project management.	Completed			
Fire Department Administration Review	3/5/2019	7	Operational Processes	The Department would benefit from project management tools to manage competing priorities, delegate tasks, and ensure follow-up.	Ensure administrative employees receive project management training and tools to support their work.	In progress	6/30/2020	2020 Q2	
Fire Department Administration Review	3/5/2019	8	Operational Processes	The fire inspection process is highly manual, requires redundant data entry into multiple systems, and could be standardized across building types.	Standardize the inspection process and move forward with opportunities to increase mobile technology in the field to reduce duplicative data entry.	In progress	12/31/2020	2020 Q2	
Fire Department Administration Review	3/5/2019	9	Operational Processes	Policies differ and are applied inconsistently within divisions, groups within the Department, and the rest of the City.	Ensure that policies across the Fire Administration are standardized, aligned with City policy, and applied consistently throughout the Department.	In progress	6/30/2020		
Fire Department Administration Review	3/5/2019	10	Financial Processes	Fire Prevention billing practices are highly manual and applied inconsistently across inspections of different building types.	A. Continue efforts to standardize and automate Fire Prevention billing. B. Consider implementing inspection capabilities within the new Emergency Reporting system and outsourcing billing to a third party.	In progress	6/30/2020		
Fire Department Administration Review	3/5/2019	11	Financial Processes	The Department has some internal controls weaknesses related to financial transactions.	Develop formal policies and procedures to ensure appropriate internal controls are in place related to check handling, deposits, payments, and reconciliations.	Completed			

City of Santa Monica Internal Audit Findings and Recommendations

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AUDIT REPORT NAME	REPORT DATE	FIN-DING #	KEY CONTROL	FINDING/ OBSERVATION	RECOMMENDATION	STATUS	EST COMPL. DATE	PROPOSED FOR VALIDATION	DATE VALIDATED
Fire Department Administration Review	3/5/2019	12	Information System Processes	Many of the Department's software systems operate independently of one another, requiring redundant data entry and additional manual processes.	Continue collaborating with the Information Services Department to improve system integration and streamline processes.	In progress	12/31/2020		
Fire Department Administration Review	3/5/2019	13	Information System Processes	Because many processes are manual, the Department struggles with accurate data collection and lacks capacity to utilize data analytics in decision-making.	Continue automating processes and create a data governance system to support data integrity and move the Department toward data driven decision-making.	In progress	3/31/2020		
Fire Department Administration Review	3/5/2019	14	Information System Processes	The Department struggles with ongoing management of adopted systems, potentially leaving existing system capabilities untapped.	As new systems are implemented, the Department should assess opportunities to improve its processes, staff accountability, communication, system ownership, and operational continuity.	In progress	Ongoing		
Fleet Efficiency Study	6/8/2018	1	Organization and Facilities	The Fleet Maintenance Building is outdated and has several design limitations that hinder the efficiency of maintenance and repair activities.	Consider revising existing Fleet Maintenance Facility building plans to expand the size of repair bays, relocate welding bays, combine tire and parts storage, incorporate an office for supervisors, and potentially reduce the number of bays	In progress	2022		
Fleet Efficiency Study	6/8/2018	2	Organization and Facilities	The fleet software is underutilized due to inadequate staff training and vendor support.	Provide staff with formal system training and work with the software firm to discuss ways to optimize software utilization.	In progress	12/31/2020		
Fleet Efficiency Study	6/8/2018	3	Organization and Facilities	The City does an excellent job of utilizing alternative fuel vehicles and equipment, resulting in some cost savings.	Continue to utilize alternative fuel vehicles and equipment where applicable.	Ongoing	Ongoing		
Fleet Efficiency Study	6/8/2018	4	Service Delivery	According to industry standards, mechanics complete too much unscheduled repair work and not enough scheduled preventive maintenance.	Review unscheduled repairs on a regular basis to identify trends in system failures and proactively design a preventive maintenance program accordingly.	In progress	Ongoing	2020 Q3	
Fleet Efficiency Study	6/8/2018	5	Service Delivery	Fleet Management does not adequately plan for preventive maintenance services and there is currently a backlog.	Plan and schedule the preventive maintenance workload for the entire year to support optimally efficient Fleet Management operations and improve customer relations. Consider adding a swing shift to further increase operational efficiency and customer responsiveness.	In progress	12/31/2020		
Fleet Efficiency Study	6/8/2018	6	Service Delivery	Fleet Management does not collect mileage and hourly data, which is typically used to determine when a vehicle or piece of equipment is due for preventive maintenance servicing.	Begin to collect meter readings on all fleet units and reengineer the preventive maintenance program based on a combination of miles/hours and time standards.	In progress	12/31/2020		
Fleet Efficiency Study	6/8/2018	7	Service Delivery	Preventive maintenance checklists do not consistently include progressive services and additional actions taken by mechanics.	Expand preventive maintenance checklists to include all appropriate recording of data and actions taken, and ensure mechanics complete checklists in real time.	In progress	2/30/2020	2020 Q3	
Fleet Efficiency Study	6/8/2018	8	Service Delivery	The Equipment Repair Request Form does not include important timeline information that is typically used to track	Redesign the Equipment Repair Request Form to capture the time reported, estimated time to repair, and actual completed time. Evaluate differences	Completed	Completed		
Fleet Efficiency Study	6/8/2018	9	Service Delivery	Fleet Management does not track occurrences of repeat repairs (comebacks), making it difficult to evaluate the quality of completed repair work.	Monitor and analyze repeat repairs to identify trends and proactively address causes such as part failure, repair techniques, or training.	In progress	2/6/2020		
Fleet Efficiency Study	6/8/2018	10	Service Delivery	Fleet Management does not have a formal inventory monitoring system in place and has not completed a parts inventory since 2013.	Adopt a formal inventory monitoring system, including bar coding parts to track inventory levels. In collaboration with the City's Finance Department, conduct an annual parts audit.	Pending	Pending		
Fleet Efficiency Study	6/8/2018	11	Service Delivery	Fleet Management lacks key performance measures in repair service contracts and a method to monitor these measures.	Where applicable, reissue RFPs and award contracts for fleet repair services to local vendors with set prices, delivery criteria, turnaround times, and warranties. Implement a process to monitor and track defined performance measures.	In progress	12/31/2020		
Fleet Efficiency Study	6/8/2018	12	Service Delivery	In comparison to industry standards, Fleet Management contracts a lower percentage of operational costs to commercial vendors that complete some services more economically.	Assess what fleet services could be performed more economically by commercial vendors.	Ongoing	Ongoing		

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Fleet Efficiency Study	6/8/2018	13	Staffing and Workload	Mechanic productivity falls below industry standards and overall staffing levels slightly exceed calculated staffing requirements.	Increase mechanic productivity by analyzing non-wrenching hours and potentially distributing those tasks to other fleet employees.	Ongoing	6/1/2020		
Fleet Efficiency Study	6/8/2018	14	Staffing and Workload	Fleet Management's limited training budget does not permit regular mechanic training opportunities.	In accordance with industry standards, increase the training budget to provide sufficient training opportunities for all mechanics to remain abreast of vehicle, equipment, and maintenance advancements.	Ongoing	7/1/2020		
Fleet Efficiency Study	6/8/2018	15	Procurement, Funding, and Utilization	The City relies on short-term fleet replacement planning and does not incorporate miles or hours data in its replacement criteria.	Develop a long-range fleet replacement plan, revise the replacement policy to include miles and hours data, and reevaluate replacement intervals accordingly.	Ongoing	12/31/2020		
Fleet Efficiency Study	6/8/2018	16	Procurement, Funding, and Utilization	The criteria for identifying vehicles and equipment past the optimum economic life point does not take into account several key factors.	Adopt a methodology to support the replacement of vehicles and equipment based on the "optimum economic life point" of a unit. Expand criteria to include age, miles/hours, maintenance/repair costs, condition, reliability, and downtime.	Ongoing	12/31/20202		
Fleet Efficiency Study	6/8/2018	17	Procurement, Funding, and Utilization	Many vehicles and pieces of equipment have low utilization, which may indicate that the City's fleet is too large.	Conduct a basic utilization review of the entire fleet to identify underutilized units, evaluate underutilized units, and evaluate alternative means of transportation that may be more economical, such as mileage reimbursement or vehicle pooling.	Completed	Completed		
Fleet Efficiency Study	6/8/2018	18	Costs	The City's financial and fleet charge-back system does not recoup its full operating costs or encourage fleet customers to modify their behavior to minimize fleet size and maximize efficiency.	Develop and implement a more comprehensive and accountable charge-back system that incorporates fleet replacement, overhead, and all operational costs for each department's fleet units.	Ongoing	10/30/2020		
Fleet Efficiency Study	6/8/2018	19	Costs	The City utilizes relatively short-term projections of fleet costs, which may not provide enough information to	Develop a 15 to 20-year long-range fleet replacement financial plan to determine future costs and reserve adequacy.	Completed	Completed	2020 Q3	
Fleet Efficiency Study	6/8/2018	20	Costs	Fleet Management's hourly shop rate, parts markup, and commercial markup are understated and exceed market rates.	Recompute shop labor rates and markups for commercial and parts to reflect labor and overhead costs. Consider options to reduce rates such as outsourcing some repair services, outsourcing the parts function, and increasing mechanic productivity.	Ongoing	3/30/2020		
Fleet Efficiency Study	6/8/2018	21	Costs	Fleet Management does not levy a markup for fuel or a charge for administration and asset management.	To align rates with best practice, develop a markup for fuel and an annual administrative and asset management charge for each fleet unit by appropriately allocating labor and overhead costs to these activities.	Ongoing	10/30/2020		
Fleet Efficiency Study	6/8/2018	22	Fleet Management	Policies relating to fleet cost control and charge-back management and performance measurement have not been developed.	Establish a cross-functional Vehicle and Equipment Committee designed to develop comprehensive administrative policies for vehicles and equipment and address other fleet-related concerns.	Ongoing	10/30/2020		
Fleet Efficiency Study	6/8/2018	23	Fleet Management	Fleet Management does not regularly solicit customer feedback.	Develop and implement an annual customer survey to proactively identify opportunities for improvement and promote positive customer relations.	In progress	10/30/2020 6/30/2020		
Fleet Efficiency Study	6/8/2018	24	Fleet Management	Fleet Management applies one Service Level Agreement to all City departments.	Develop a customized Service Level Agreement between Fleet Management and each of its City department customers to address their specific needs.	Ongoing	10/30/2020	2020 Q3	
Fleet Efficiency Study	6/8/2018	25	Fleet Management	Fleet Management performance metrics can be better leveraged to monitor and improve operational performance.	Establish and monitor additional performance measures to evaluate performance against industry and shop standards.	Ongoing	12/31/2020		
Fleet Efficiency Study	6/8/2018	26	Fleet Management	City management and fleet customers do not have access to information related to vehicle status and cost of maintenance and repairs	Develop monthly management reports detailing vehicle status and costs for the Public Works Director, the City Manager, and all fleet customer departments.	Ongoing	12/31/2020	2020 Q3	

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Fleet Utilization Study	5/8/2019	1	Utilization and Cost Analysis		Update the fleet inventory after initial recommendations in this report have been implemented, level the fleet on an annual basis, and reestablish a baseline and complete a utilization analysis, including assessing utilization categories, every two years thereafter.	In progress	12/31/2020		
Fleet Utilization Study	5/8/2019	2	Utilization and Cost Analysis		Update guidelines and policies that support the most cost-effective means of transportation and periodically update the cost analyses.	In progress	6/30/2020	2020 Q3	
Fleet Utilization Study	5/8/2019	3	Fleet Reductions, Pooling, and Reassignment		Right-size the fleet based on results of the utilization analysis, which identified 40 units as potential candidates for reduction, reassignment, or pooling.	In progress	7/1/2020	2020 Q3	
Fleet Utilization Study	5/8/2019	4	Fleet Reductions, Pooling, and Reassignment		Transfer the responsibility of the City's centralized motor pool to Fleet Services and modify the pool dispatching process.	Management disagrees			
Fleet Utilization Study	5/8/2019	5	Fleet Reductions, Pooling, and Reassignment		Develop central motor pool rates to recover ownership and operational costs of all units	In progress	12/31/2020		
Fleet Utilization Study	5/8/2019	6	Fleet Reductions, Pooling, and Reassignment		Expand the City's central motor pool by utilizing existing City vehicles and/or rental cars to provide access to vehicles that may be needed due to the surplusing of underutilized vehicles	Management disagrees			
Fleet Utilization Study	5/8/2019	7	Fleet Reductions, Pooling, and Reassignment		Train employees on the guidelines and policies for determining when to use a City vehicle, mileage reimbursement, or a rental vehicle.	In progress	Ongoing		
Fleet Utilization Study	5/8/2019	8	Fleet Reductions, Pooling, and Reassignment		Expand the composition of the shop loaner pool.	In progress	4/3/2020		
Fleet Utilization Study	5/8/2019	9	Fleet Reductions, Pooling, and Reassignment		Establish a new central heavy equipment pool, supplemented with rentals, to provide access to equipment that may be needed due to the surplusing of underutilized equipment and require all requests for heavy equipment rentals to be processed and approved through Fleet Services.	Pending			
Fleet Utilization Study	5/8/2019	10	Fleet Reductions, Pooling, and Reassignment		Develop rental rates to recoup all ownership and operational costs of each unit in the central heavy equipment pool.	Pending	12/31/2020	2020 Q3	
Fleet Utilization Study	5/8/2019	11	Fleet Reductions, Pooling, and Reassignment		Establish a City Yard facility administrative pool, supplemented with rentals, to provide access for various administrative employees.	Pending	12/31/2020		
Fleet Utilization Study	5/8/2019	12	Fleet Reductions, Pooling, and Reassignment		Develop rental rates to recoup all ownership and operational costs of each unit in the City Yard facility administrative pool.	Pending	12/31/2020		

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Fleet Utilization Study	5/8/2019	13	Vehicle Assignment Policies		Review all current vehicle take-home authorizations and justify approvals based on miles traveled and number of call-outs	In progress	TBD		
Human Resources Benefits Billing	1/10/2017	1	Reconciliation Results	Issues with name and Social Security discrepancies & a variety of other reasons lead to exceptions in the administration of HR Benefits coverage.	The HR Benefits Division should improve its reconciliation practices to identify and detect: Eligible employees with deductions without coverage; coverage that does not match Payroll deductions; or enrolled in multiple plans for the same benefit.	Completed		2020 Q2	
Human Resources Benefits Billing	1/10/2017	1	Reconciliation Results	Issues with name and Social Security discrepancies & a variety of other reasons lead to exceptions in the administration of HR Benefits coverage.	The HR Benefits Division should improve its reconciliation practices to identify and detect: Benefits coverage for individuals who are not eligible employees	Completed			
Human Resources Benefits Billing	1/10/2017	1	Reconciliation Results	Issues with name and Social Security discrepancies & a variety of other reasons lead to exceptions in the administration of HR Benefits coverage.	The HR Benefits Division should improve its reconciliation practices to identify and detect: Improve the timeliness of coverage termination to avoid paying unnecessary premiums for ineligible employees.	Completed			
Human Resources Benefits Billing	1/10/2017	1	Reconciliation Results	Issues with name and Social Security discrepancies & a variety of other reasons lead to exceptions in the administration of HR Benefits coverage.	The HR Benefits Division should improve its reconciliation practices to identify and detect: Develop & implement an ongoing process for ensuring data integrity; identifying and correcting errors related to names & Social Security numbers;	Completed			
Human Resources Benefits Billing	1/10/2017	2	Data and Plan Offerings	Obstacles exist that impede the City's ability to efficiently & effectively perform reconciliations of HR Benefits billings.	Explore opportunities to establish consistent naming & identifying information for enrollees.	Completed			
Human Resources Benefits Billing	1/10/2017	2	Data and Plan Offerings	Obstacles exist that impede the City's ability to efficiently & effectively perform reconciliations of HR Benefits billings.	Establish a process for ensuring data integrity.	Completed			
Human Resources Benefits Billing	1/10/2017	2	Data and Plan Offerings	Obstacles exist that impede the City's ability to efficiently & effectively perform reconciliations of HR Benefits billings.	Address the identified data discrepancies.	Completed			
Human Resources Benefits Billing	1/10/2017	2	Data and Plan Offerings	Obstacles exist that impede the City's ability to efficiently & effectively perform reconciliations of HR Benefits billings.	Develop & maintain a comprehensive list to map the codes used by the City in its HR/Payroll system to the plan names & codes used by the benefits vendors in preparation of technology support.	Pending	4/1/2020	2020 Q2	
Human Resources Benefits Billing	1/10/2017	3	Data Plan and Offerings	The large variety of benefits plans offered by the City creates significant complexities for monitoring and reconciliation.	The City should pursue options to perform reconciliations with an information system or automated data analysis tools.	Completed			
Human Resources Benefits Billing	1/10/2017	3	Data Plan and Offerings	The large variety of benefits plans offered by the City creates significant complexities for monitoring and reconciliation.	The City should pursue opportunities to streamline its benefits offerings for future labor negotiations.	In progress			
Human Resources Benefits Billing	1/10/2017	4	Data Plan and Offerings	One bargaining group's medical plan offering has unique complexities, which further complicates reconciliation.	Incorporate all POA plan codes & rates to ensure ongoing monitoring.	Completed			
Human Resources Benefits Billing	1/10/2017	4	Data Plan and Offerings	One bargaining group's medical plan offering has unique complexities, which further complicates reconciliation.	Facilitate future automated reconciliation efforts.	Completed			
Human Resources Benefits Billing	1/10/2017	4	Data Plan and Offerings	One bargaining group's medical plan offering has unique complexities, which further complicates reconciliation.	Work with the Payroll Division to identify options for accurately assigning employee contributions based on geographical area & evaluate the cost-benefit analysis of implementing changes.	Completed			
Human Resources Benefits Billing	1/10/2017	5	Reconciliation Process	Human Resources' current management of benefit plans and the reconciliation to benefit bills is a manual process.	Until a system is implemented to aid in automating the reconciliation process, the HR Benefits Division should perform full benefits reconciliations periodically & no less than quarterly.	Completed			
Human Resources Benefits Billing	1/10/2017	6	Benefits Administration Process	Challenges exist in City processes to ensure reconciliation between benefit selections and Payroll deductions & coordination of administering changes in coverage.	Develop a process for reviewing benefits deductions in comparison to benefits coverage, secondary reviews.	Completed		2020 Q2	

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Human Resources Benefits Billing	1/10/2017	6	Benefits Administration Process	Challenges exist in City processes to ensure reconciliation between benefit selections and Payroll deductions & coordination of administering changes in coverage.	Ensure timely communication of coverage changes & requests for adjustments.	Completed			
Human Resources Benefits Billing	1/10/2017	7	Benefits Administration Process	The City's current enrollment process for newly hired employees creates additional workload for the HR Benefits staff.	Modify its current enrollment practices to better align with benefits providers' billing cycles.	Completed			
Human Resources Benefits Billing	1/10/2017	7	Benefits Administration Process	The City's current enrollment process for newly hired employees creates additional workload for the HR Benefits staff.	In advance of future labor negotiations, the HR Department should consider modifying the time frame of benefits coverage for newly hired employees.	Completed			
Human Resources Benefits Billing	1/10/2017	8	Benefits Administration Process	There are challenges in tracking employees on leave of absence and appropriately administering benefits for these employees, particularly when there are gaps in communication from departments.	In collaboration with the Payroll Division, HR should explore opportunities to improve communication & monitoring relating to leaves of absence.	Completed		2020 Q2	
Human Resources Benefits Billing	1/10/2017	8	Benefits Administration Process	There are challenges in tracking employees on leave of absence and appropriately administering benefits for these employees, particularly when there are gaps in communication from departments.	In collaboration with the Payroll Division, HR should explore opportunities to improve communication & monitoring relating to leaves of absence.	In progress		2020 Q2	
Human Resources Benefits Billing	1/10/2017	8	Benefits Administration Process	There are challenges in tracking employees on leave of absence and appropriately administering benefits for these employees, particularly when there are gaps in communication from departments.	In collaboration with the Payroll Division, HR should explore opportunities to improve communication & monitoring relating to leaves of absence.	In progress			
Human Resources Benefits Billing	1/10/2017	8	Benefits Administration Process	There are challenges in tracking employees on leave of absence and appropriately administering benefits for these employees, particularly when there are gaps in communication from departments.	In collaboration with the Payroll Division, HR should explore opportunities to improve communication & monitoring relating to leaves of absence.	In progress	Pending Kronos upgrade		
Human Resources Benefits Billing	1/10/2017	9	Benefits After Employment	Employment termination information may not be provided in a timely manner.	The HR Benefits Division should establish formal policies & procedures guiding the administration of benefits following termination.	Completed		2020 Q2	
Human Resources Benefits Billing	1/10/2017	10	Benefits After Employment	Although the City's monitoring of its TPA has improved, opportunities for improvement still exist.	With the assistance of the Treasury Division, the HR Benefits Division should identify the recent revenue collection trends from the TPA, including remittance dates & amounts as well as the number of COBRA & retiree enrollees.	Completed			
Human Resources Benefits Billing	1/10/2017	10	Benefits After Employment	Although the City's monitoring of its TPA has improved, opportunities for improvement still exist.	The HR Benefits Division should establish a formal secondary process for monitoring revenue remittances from the TPA.	Completed		2020 Q2	
Human Resources Benefits Billing	1/10/2017	11	Accounting	There is not a full and accurate accounting of HR benefits.	The Accounting, Payroll, and HR Benefits Divisions should collaborate to explore alternate processes for allocating retroactive adjustments.	Pending	4/1/2020		
Human Resources Benefits Billing	1/10/2017	12	System	Some processes for reconciliation and administration of benefits is a manual process.	Continue to explore systems that can holistically improve the benefits administration & reconciliation process that include facilitating the reconciliation process & supporting leave of absence administration.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	1	Training	Not all staff performing cash handling duties have received formal cash handling training from the City or their department.	Provide comprehensive standardized training for all individuals, including part-time employees and any staff assigned as backup, involved in cash handling. Training should cover cash handling policies, check acceptance requirements, deposit preparation, & verification of all remittance information.	In progress	Ongoing	2019 Q4	12/9/2019
Internal Controls Testing/ Cash Handling	1/10/2017	2	Counterfeit Requirements	Requirements for the inspection of counterfeit bills are not well-defined.	Include counterfeit inspection requirements, such as the bill denominations & inspection methods, in the update of City-wide cash handling policies & procedures.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	3	Deposit Preparation	Not all deposits are transported to the bank in a timely or secure manner.	Compile a list of the current deposit schedule City-wide for all remote cash handling locations & monitor compliance.	Completed			

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Internal Controls Testing/ Cash Handling	1/10/2017	3	Deposit Preparation	Not all deposits are transported to the bank in a timely or secure manner.	Determine the most economical, safe, & secure manner to transfer deposits.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	4	Physical Security and Access	Not all locations provided adequate physical security & lacked restricted access to cash assets for staff members.	Assess the adequacy of physical barriers between employees & customers at all cash handling locations.	Completed		2019 Q4	12/9/2019
Internal Controls Testing/ Cash Handling	1/10/2017	4	Physical Security and Access	Not all locations provided adequate physical security & lacked restricted access to cash assets for staff members.	Limit the number of personnel with safe combinations.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	4	Physical Security and Access	Not all locations provided adequate physical security & lacked restricted access to cash assets for staff members.	Install security improvements locations with safes.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	5	Check Acceptance Requirements	Not all check payments consistently complied with the payable name requirements of the department.	Establish a process for check acceptance, including required approvals.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	5	Check Acceptance Requirements	Not all check payments consistently complied with the payable name requirements of the department.	Verify that all outgoing City bills clearly state that customers must make payments payable to the "City of Santa Monica."	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	5	Check Acceptance Requirements	Not all check payments consistently complied with the payable name requirements of the department.	Include requirements for accepting checks in the update of the City-wide cash handling policies & procedures.	Completed		2019 Q4	12/9/2019
Internal Controls Testing/ Cash Handling	1/10/2017	6	Payment Requirements	Not all payments, including cash, check, and credit card, are handled with best practices.	Include deposit preparation requirements for cash, check, & credit card payments, in the update of City-wide cash handling policies & procedures.	Completed		2019 Q4	12/9/2019
Internal Controls Testing/ Cash Handling	1/10/2017	7	Reconciliation with Transactions	Not all of transactions reconcile to the associated revenue collection system.	Establish & implement process for reconciliation of transactions at the end each shift.	Completed		2019 Q4	12/9/2019
Internal Controls Testing/ Cash Handling	1/10/2017	7	Reconciliation with Transactions	Not all of transactions reconcile to the associated revenue collection system.	Develop an alternative process for special circumstances to collect revenue outside of the revenue system that maintains internal controls.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	8	Petty Cash and Change Fund Administration	Not all locations' pretty cash & change funds match the City's records.	Reconcile the locations' record and City records.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	8	Petty Cash and Change Fund Administration	Not all locations' pretty cash & change funds match the City's records.	Work with departments to resolve the identified discrepancies.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	8	Petty Cash and Change Fund Administration	Not all locations' pretty cash & change funds match the City's records.	Increase ongoing oversight.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	8	Petty Cash and Change Fund Administration	Not all locations' pretty cash & change funds match the City's records.	Advise departments to maintain memos authorizing each fund in its receptive bag to avoid uncertainty.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	9	Mail Payment Processing	Control weaknesses exist in locations' mail payment processing, & the City has not established standardized practices for processing mail payments.	Document & recommend implementation of best practices for mail payment processing including the appropriate segregation of duties, logging all mail payments received, & processing mail payments in separate batches.	Completed		2019 Q4	12/9/2019
Internal Controls Testing/ Cash Handling	1/10/2017	9	Mail Payment Processing	Control weaknesses exist in locations' mail payment processing, & the City has not established standardized practices for processing mail payments.	Departments that receive large volumes of mail payments should explore online systems or software allowing online payments & remote check processing.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	10	Segregation of Duties and Individual Accountability	Controls to ensure adequate individual accountability are not in place at all locations.	Establish minimum standards for individual accountability & include in update of Citywide cash handling policies and procedures.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	10	Segregation of Duties and Individual Accountability	Controls to ensure adequate individual accountability are not in place at all locations.	Ensure that all cashiers have their own logins, & implement individual cash drawers wherever possible (for certain locations).	Completed			

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Internal Controls Testing/ Cash Handling	1/10/2017	11	Accurate Cash Counts	Not all cash counts performed were accurate in total and/or currency type.	Develop City-wide policies & procedures to improve accuracy of cash counts, including documentation of counts and secondary sign-offs; training staff on recording and verifying the accuracy of all remittance information; assignment of centralized responsibility; periodic spot checks; ongoing monitoring; & disciplinary action for repeated errors.	Completed		2019 Q4	12/9/2019
Internal Controls Testing/ Cash Handling	1/10/2017	12	System Controls and Access	Controls to ensure adequate accountability, document departmental responsibilities, & appropriately restrict access are not in place at all locations.	Establish minimum standards for individual accountability, procedures relating to accounts receivable, mail payments, & physical security for all cash handling locations.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	12	System Controls and Access	Controls to ensure adequate accountability, document departmental responsibilities, & appropriately restrict access are not in place at all locations.	Until preventative access restrictions can be implemented, establish detective processes to monitor certain activities.	In progress	FY 2020		
Internal Controls Testing/ Cash Handling	1/10/2017	13	Inconsistencies with Cash Handling Operations	Not all cash handling operations follow a consistent City-wide process to ensure accountability at all locations, including reconciliation with transactions, check acceptance requirements, overages and shortages, & separation of	Establish & implement process for reconciliation of transactions at the end each shift; evaluating check acceptance exceptions; reporting overages & shortages; and balancing transactions at the end of shift.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	13	Inconsistencies with Cash Handling Operations	Not all cash handling operations follow a consistent City-wide process to ensure accountability at all locations, including reconciliation with transactions, check acceptance	Include all processes to be included in the City's update of its cash handling procedures.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	14	Petty Cash and Change Fund Administration	Not all locations' petty cash & change funds match the City's records.	Strengthen process for overseeing petty cash & change funds to effectively monitor petty cash funds and determine any that are no longer in active use.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	14	Petty Cash and Change Fund Administration	Not all locations' petty cash & change funds match the City's records.	Include petty cash & change fund administration in the update of the City's cash handling policies & procedures.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	15	Policies and Procedures	The City's cash handling policies and procedures are not up-to-date or comprehensive.	Revise, update, & distribute its cash handling policies and procedures to provide comprehensive direction for all cash handling activities.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	15	Policies and Procedures	The City's cash handling policies and procedures are not up-to-date or comprehensive.	Departments or locations with specialized operations or unique practices should develop their own specific policies and procedures. Any variances from City-wide cash handling policies and procedures should be provided to Finance for review to ensure adequate internal controls exist.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	16	Credit Card Payments	Not all credit card payments complied with best practices.	Remind staff of the importance of verifying all transaction documentation at the end of each shift to prevent discrepancies.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	17	Monitoring by Management	The City lacks standards regarding departmental responsibilities for monitoring cash handling and revenue collection.	Assign roles & responsibilities for monitoring cash handling and revenue collection, particularly at remote locations.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	17	Monitoring by Management	The City lacks standards regarding departmental responsibilities for monitoring cash handling and revenue collection.	Specific departments should revise reports, such as day-end reports, to promote accountability & facilitate ongoing monitoring.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	18	System Controls and Access	Not all systems used by City departments have adequate system controls or appropriately restrict access.	Establish minimum requirements for system access and control; including restricting system access to required staff; implementing additional controls for accountability; adding "payment reference" as a required field; & creating logins	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	19	Petty Cash and Change Fund Administration	Not all locations' petty cash and change funds match the City's records of funds.	Work with departments to resolve the identified discrepancies.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	19	Petty Cash and Change Fund Administration	Not all locations' petty cash and change funds match the City's records of funds.	Ensure that the petty cash & change fund amounts are adequate and appropriate.	Completed			
Internal Controls Testing/ Cash Handling	1/10/2017	20	System Controls and Access	Not all systems used by City departments have adequate system controls or appropriately restrict access.	Collaborate with the IT Department to create a back-up login account for individuals with expired passwords for locations with many temporary employees.	Completed			
Parking Contract	7/27/2017	1	Monthly Invoice Review	Conduent manually produces invoices, which creates the potential for error.	Continue checking line item amounts monthly & begin building a historical file for trend analysis.	Completed		2020 Q2	
Parking Contract	7/27/2017	2	Monthly Invoice Review	The City does not thoroughly understand the basis for invoice amounts.	Request documentation from Conduent regarding how invoices are prepared, including the basis for each line item.	Completed			

City of Santa Monica Internal Audit Findings and Recommendations

Comprehensive listing-Highlighted rows indicate change since 12/9/2019 meeting.

AUDIT REPORT NAME	REPORT DATE	FIN-DING #	KEY CONTROL	FINDING/ OBSERVATION	RECOMMENDATION	STATUS	EST COMPL. DATE	PROPOSED FOR VALIDATION	DATE VALIDATED
Parking Contract	7/27/2017	3	Physical Permit Inventory Stock at Conduent	Physical counts of permit decals & hangtags are reconciled to inventory reports; however, it appears more decals and hangtags are being ordered than needed.	Perform periodic physical counts to confirm the quantity received matches the quantity invoiced. Begin to utilize destroyed inventory quantities to estimate future orders.	In progress	6/30/2020	2020 Q2	
Parking Contract	7/27/2017	4	California Vehicle Code (CVC) 40200.3(b) Reporting	Conduent has not been providing the annual reporting to the City that is required by its contract with the City.	Designate a responsible party to enforce Conduent reporting requirements.	In progress	6/30/2020		
Parking Contract	7/27/2017	5	Monthly Activity Report from Conduent	The City does not appear to be receiving monthly system-generated activity reports from Conduent.	The City should request that Conduent prepare a list of the monthly reports it generates, review a sample of each report, and inform Conduent which reports it would like to receive and who to submit them to. The City should also determine if there are any additional reports or report modifications it would like to receive and work with Conduent to implement those changes.	Completed	12/1/2019		
Parking Contract	7/27/2017	6	Decentralized Management of Contract	Management of the Conduent contract is distributed across multiple City departments with no apparent point person.	Divide the current contract's responsibilities, obligations, rights, & areas to manage OR Monitor among the three departments & create common shared storage locations for the individual departments that contain contractual information, invoices, and reports.	In progress	6/30/2020		
Parking Contract	7/27/2017	7	Policies and Procedures	The contractor's policies and procedures may not align with the City's policies & procedures.	Increase oversight of the contractor's performance.	Completed		2020 Q2	
Parking Contract	7/27/2017	7	Policies and Procedures	The contractor's policies and procedures may not align with the City's policies & procedures.	Review the contractor's policies & procedures to ensure alignment with City practices.	In progress	6/30/2020	2020 Q2	
Parking Contract	7/27/2017	8	Revenue Collection	Complete revenue collection cannot be completed due to missing controls & reconciliations.	Establish controls & implement a reconciliation process for event parking permits & valet parking.	Completed			
Parking Contract	7/27/2017	9	Parking Administration	Parking operations are not organized within the same division or department.	Consider reorganizing parking related functions to promote greater coordination.	In progress	6/30/2020		
Parking Contract	7/27/2017	10	Revenue Collection	Not all parking lots have maximum controls to ensure complete revenue collection.	Explore implementing a revenue collection mechanism at parking lots to incorporate greater controls.	In progress	12/1/2020		
Print Shop Efficiency	1/10/2019	1	Customer Service	Approximately half of city customers lack familiarity with the full suite of Print Shop products and services.	Develop a digital service catalogue and marketing strategy to educate customers.	In progress	TBD	2020 Q4	

Audit Subcommittee Meeting - February 18, 2019

City of Santa Monica Internal Audit Findings and Recommendations

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AUDIT REPORT NAME	REPORT DATE	FIN-DING #	KEY CONTROL	FINDING/ OBSERVATION	RECOMMENDATION	STATUS	EST COMPL. DATE	PROPOSED FOR VALIDATION	DATE VALIDATED
Print Shop Efficiency	1/10/2019	2	Customer Service	The web-to-print system has limited functionality, impacting both customer and operator user experiences.	Identify a web-to-print system that meets customer and operator needs to support efficient and effective print shop operations.	In progress	2020 Q1		
Print Shop Efficiency	1/10/2019	3	Customer Service	Customers do not have sufficient guidance on print shop requirements for common requests.	Develop design policies that include specifications and templates.	In progress	TBD	2020 Q4	
Print Shop Efficiency	1/10/2019	4	Customer Service	The Print Shop does not regularly seek customer feedback to improve operations.	Conduct regular customer satisfaction surveys and develop plans to proactively address customer feedback.	In progress	TBD		
Print Shop Efficiency	1/10/2019	5	Operations	The Print Shop conducts limited short- and long-term planning and lacks an external performance reporting framework.	Develop a performance reporting framework that includes output and outcome-based measures to educate city management and customers on progress toward goals.	Completed			
Print Shop Efficiency	1/10/2019	5	Operations	The Print Shop conducts limited short- and long-term planning and lacks an external performance reporting framework.	Develop a multi-year operating plan to define the Print Shop's service philosophy, priorities, upcoming projects, and performance measures.	In progress	2020 Q2		
Print Shop Efficiency	1/10/2019	6	Operations	Print Shop operational consistency and quality is dependent on long-term employees.	Continue cross-training with mailroom employees and develop policies and procedures to capture employee knowledge.	Ongoing	TBD		
Print Shop Efficiency	1/10/2019	7	Operations	The Print Shop has relocated twice in the past ten years, at a high price.	Evaluate the cost of potential future moves, taking space and functional requirements into account.	In progress	TBD		
Print Shop Efficiency	1/10/2019	8	Operations	Although city departments are required to obtain Print Shop approval before outsourcing print jobs, there is no existing process to control or monitor vendor utilization.	Develop master service agreements with preferred print vendors and facilitate outsourced jobs on behalf of departments.	In progress	2020 Q1	2020 Q4	
Print Shop Efficiency	1/10/2019	9	Operations	Although Print Shop prices appear to be lower than local vendors, the City's price estimates do not encompass staffing or facility costs, therefore prices are not comparable.	Conduct a market study that evaluates the City's fully-burdened costs to determine the most cost-effective way to deliver print services.	In progress	TBD		
Print Shop Efficiency	7/31/2019	9	Operations	Based on a comparison of fully burdened costs to several local vendors, Print Shop services are currently 2% more expensive than the private sector. In addition, the Print Shop must move within two years, and services would be 27% more expensive than the private sector if the Print Shop will need to pay rent.	Issue an RFQ to determine whether market pricing will result in net savings to the City and terms will satisfy the City's sustainability and quality requirements.	In progress	2020 Q1		
Print Shop Efficiency	7/31/2019	9	Operations	Based on a comparison of fully burdened costs to several local vendors, Print Shop services are currently 2% more expensive than the private sector. In addition, the Print Shop must move within two years, and services would be 27% more expensive than the private sector if the Print Shop will need to pay rent.	Based on vendor quotes and potential costs associated with moving and rent, determine whether to continue, decommission, or downsize the Print shop to coincide with the City's Corporation Yard renovations.	In progress	2020 Q1		
Purchase Card Internal Controls Testing	8/14/2018	1	Operations	Library computers and associated equipment were divided into multiple purchases rather than procured in accordance with the City's requirements for purchases that exceed	Provide P-Card refresher training on procurement requirements.	Completed		2020 Q2	