

liability; what happens during the next recession; are people creating Pension Trust Funds that make better money than what CalPERS does; are we able to look at asset funds through CalPERS; and do the Police Department and Fire have an enhancement still.

Discussion ensued, including but not limited to the following: solutions to the unfunded liability problem; CalPERS returns and other options; creating an advisory committee to help figure out how to pay down the unfunded liability; debt coverage ratings, our assets, and plans for the future.

Motion by Committee Member Morena, seconded by Chair Himmelrich, to receive and file the report. The motion was unanimously approved by voice vote, with Vice Chair Vazquez and Committee Member Van Denburgh absent.

AUDIT FINDINGS

5. Presentation of Audit Findings Inventory (presented by Helen Yu, City of Santa Monica), was presented.

There were no members of the public present to speak on this item.

Questions asked and discussed included, but not limited to: the ERP, and how this weaves into it; is the ERP completely transitioned, and will all of these new processes discussed in the audit findings inventory flow into the new ERP; not all areas are completely transitioned so some questions remain about ERP system functionality; if we choose not to use the system in any of these areas (for example, benefits processing), for whatever reason, Finance will document the assessment of the issue, and why the system was not used.

Motion by Committee Member Morena, seconded by Committee Member O'Connor, to receive and file this report. The motion was unanimously approved by voice vote, with Vice Chair Vazquez and Committee Member Van Denburgh absent.

**PURCHASE CARD
INTERNAL CONTROLS**

6. Presentation of the Final Report for City of Santa Monica Purchasing Card (P-Card) Internal Controls Testing (presented by Moss Adams), was presented.

There were no members of the public present to speak on this item.

Observations included: Purchase card inventory should be performed on a regular basis; consistency in the way staff processes payments.

Recommendation: Perform review more often and have department heads review more regularly.

Areas of concern, bypassing signature authority and breaking down purchases into smaller purchases in order to get around Purchasing

limits to get things done more quickly. Recommend periodic refresher training.

Motion by Committee Member Morena, seconded by Committee Member O'Connor, to receive and file this report. The motion was unanimously approved by voice vote, with Vice Chair Vazquez and Committee Member Van Denburgh absent.

FLEET MANAGEMENT STUDY

7. Presentation of the Final Report for City of Santa Monica Fleet Management Efficiency Study (presented by Moss Adams) and Discussion of Next Steps (presented by City Staff), was presented.

There were no members of the public present to speak on this item.

This study was done in the Spring, and included the following:

- The City has 923 vehicles and other pieces of equipment making up its fleet, the total is valued at about \$50 million, and most of the vehicles are used by Police, Fire and Public Works.
- Big Blue Bus maintains its own buses and Fire Department apparatus (not part of this study)
- Identified 26 observations or overall themes related to the City's Fleet management. These included focus on:
 - Data Utilization (better utilize and train staff on usage)
 - Maintenance charge back rates and cost controls (by leveraging the data, shifting to operating more proactively)
 - Standardization (more complete inventory, accurate data, appropriate checklist for the work, annual customer survey, and investing in more training for maintenance staff.

Questions asked and answered included the following: When there are a lot of areas of disagreement or partial disagreement, how do we accomplish our goals; will a new software system solve these problems; what is the cost for the new system; would this new system come online before the new City Yards is complete; will the new system integrate with the new ERP system; should new goals be set for when the new system is online; can Moss Adams follow up in about a year to see if all of the recommendations have been met; Mechanic productivity, and will the system help with that.

Motion by Committee Member Morena, seconded by Committee Member O'Connor, to receive and file this report. The motion was unanimously approved by voice vote, with Vice Chair Vazquez and Committee Member Van Denburgh absent.

INTERNAL AUDIT STATUS

8. Internal Audit Status Report (presented by Moss Adams), was presented.

The status report was given. The Fleet Utilization Study has started, but is

not included on this report.

Motion by Committee Member Morena, seconded by Chair Himmelrich, to receive and file this report. The motion was unanimously approved by voice vote, with Vice Chair Vazquez and Committee Member Van Denburgh absent.

ADJOURNMENT

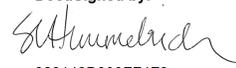
On order of the Chair, the Santa Monica Audit Subcommittee meeting was adjourned at 8:16 p.m.

ATTEST:

DocuSigned by:

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Denise Anderson-Warren
City Clerk

APPROVED:

DocuSigned by:

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Sue Himmelrich
Chair